Drought Friendly Xeriscape Landscaping

Comprehensive Annual Financial Report

For the year ended December 31, 2003
Denver, Colorado

DENVER WATER

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

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For the year ended December 31, 2003
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Prepared by the Accounting Section
of the Finance Division

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DENVER WATER

May 1, 2004

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report ("CAFR") of Denver Water for the year ended December 31, 2003.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with Denver Water. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and changes in financial position of Denver Water. All disclosures necessary to enable the reader to gain an understanding of Denver Water's financial and operational activities have been included.

This report is presented in three sections as follows:

I. Introductory Section, which includes this transmittal letter, excerpts from the charter, organization chart, list of principal officials and the Certificate of Achievement for Excellence in Financial Reporting.

II. Financial Section, which includes the auditor's report on the financial statements, Management's Discussion and Analysis, the financial statements, and supplementary property and bond schedules.

III. Statistical Section, which includes selected operational and financial information, generally presented on a multi-year basis.

The Statistical Section was reorganized in the 2003 CAFR to early-implement the requirements of proposed statement of the Governmental Accounting Standards Board ("GASB") entitled "Economic Condition Reporting: The Statistical Section." The new statistical section is organized into the following five sections and contains new data:

A. Financial Trends Information
B. Revenue Capacity Information
C. Debt Capacity Information
D. Demographic and Economic Information
E. Operating Information

The new financial reporting model established by GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section immediately following the auditor's report.

The Reporting Entity

The privately owned Denver City Water Company was organized in November 1870. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies serving various parts of a growing Denver. In November 1918, the five-member governing board of the Denver Water Department purchased the company for the citizens of the City and County of Denver ("City"). The Denver Water Department was set up as an independent City water agency, with the philosophy that it would be operated as a business and remain separate from political influences.

Denver Water is governed by a five-member board appointed by the Mayor of the City for overlapping six-year terms. Denver Water has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area.

In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Denver Water would be classified as 1) an "other stand-alone government" since Denver Water is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for Denver Water, and 2) a "related organization" since the Mayor of the City appoints Denver Water's governing body, but is not financially accountable. The City elects to include Denver Water's financial statements in its financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of Denver Water's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Mission of Denver Water is as follows:

> *Denver Water will provide our customers with high quality water and excellent service through responsible and creative stewardship of the assets we manage. We will do this with a productive and diverse work force. We will actively participate in and be a responsible member of the water community.*

The Year 2003 in Review

Denver Water's primary activity in 2003 was responding to the continued effects of the worst drought in Colorado's history.

The new year began in much the same way that previous one ended: snow pack and reservoir levels were still low; water-use restrictions were still in effect; and a surcharge on water consumption and developers to support water-saving incentives was still in place.

As the year unfolded, Denver Water closely monitored snow pack and reservoir levels to assess drought conditions and coordinate its response. It also looked for new opportunities to conserve water and increase its supply. At the same time, the utility worked to sustain and build awareness of the drought among its customers, promote the need for conservation, and look for new ways to increase water supplies.

In the spring, a combination of heavy snowstorms and conservation efforts helped raise snow pack and reservoir levels, yet both remained below normal. In June, the Board instituted a higher summertime surcharge for excess water use. It phased out the surcharge by the end of July when the utility's reservoir levels reached 80 percent of capacity.

Despite the complexities of managing in a drought, Denver Water kept a series of significant capital-construction projects on schedule; in fact, it accelerated the future construction of several projects, including the Moffat Collection System Project, Recycled Water Plant, and others to help ensure as predictable a water supply as possible.

In addition, the utility in 2003 continued the restoration of more than 7,000 acres near the Cheesman Reservoir that were burned by the Hayman Fire in 2002. Denver Water has also pursued and has been recognized for its efforts to manage healthy forests within the watersheds that supply its water. Those efforts, which began before last year's fires, continue today as well.

Denver Water is also engaged in a number of capacity-planning, conservation, and efficiency efforts that will ultimately improve its ability to serve an increasing customer base more reliably and efficiently.

As Denver Water looks to the year ahead, it does so with caution. In December, reservoir levels stood at 75 percent, approximately 10 percent below normal expectations. However, December 2003 reservoir levels were more than 25 percent above those for December 2002. Because drought is part of the natural weather cycle of Colorado, the utility will continue to monitor snow pack and reservoir conditions, encourage voluntary conservation, implement water restrictions as needed, and take the steps necessary to manage and maintain an adequate and reliable water supply for its customers.

Employment and Customer Statistics

Over the past 10 years, the number of Denver Water employees has increased from 1,030 in 1993 to 1,042 at the end of 2003, an increase of 1.2 percent. Meanwhile, the average number of treated-water customer accounts has risen from 257,000 in 1993 to 295,000 at the end of 2003, a 14.8 percent increase.

Demand and Consumption

A combination of drought restrictions and conservation awareness resulted in reduced water sales in 2003. Consumption for the year totaled 65.4 billion gallons, compared to 75.2 billion gallons in 2002 and 81.1 billion gallons in 2001. The peak day usage for 2003 was 370.05 compared with 419.2 million gallons in 2002. By comparison, the all-time peak day usage was 553.3 million gallons in 1989.

The average temperature in the Denver area last year was 51.3 degrees, which is 1 degree above average. The total precipitation for the Denver metro area was 16.39 inches, slightly below the average precipitation of 16.44 and nearly seven inches greater than the 9.42 inches of precipitation recorded in 2002. During 2003, Denver recorded 44 days where temperatures reached 90 or more degrees; the record for the number of days where temperatures reached or exceeded 90 degree is 61, which was set in 2000.

Drought Response

Denver Water undertook numerous efforts to manage water resources effectively during the drought of 2003. Those efforts included:

- Summer Watering Restrictions. On June 26, 2002, Denver Water declared a Stage II drought response. This response called for mandatory drought measures. These measures were implemented throughout 2002, and were modified and continued in May of 2003. The 2003 summer mandatory restrictions addressed outdoor watering; watering of new landscape, large common or public irrigated areas, watering of golf courses; washing of vehicles, including fleet vehicles; washing of impervious surfaces; penalties for violation of the rules; serving water by restaurants; and restrictions for use of raw water. In June of 2003 these restrictions were relaxed as a result of significantly improved reservoir storage.

- Drought Surcharges. The drought surcharge was a temporary charge that was effective November 1, 2002. It was then adjusted on April 2, 2003 in anticipation of summer time watering demand patterns and the continuing drought. It was designed to encourage conservation through price and to act as an enforcement mechanism for other drought restrictions. By the Board's direction, the proceeds were to be used to help offset drought and fire related costs. Drought surcharge receipts for 2003 were $8.0 million. The drought surcharge was phased out during July of 2003 after it was determined that the reservoir storage was 80% full.

- Drought Tap Surcharge and Rebate Program. Denver Water also adopted a new surcharge for all taps issued after September 18, 2002. The tap surcharge is an additional fee to the system development charge paid by a developer for connecting a new customer to the utility's water-distribution system. Drought tap surcharge receipts for 2003 and 2002 were $1.6 million and $1.3 million, respectively, for a total of $2.9 million for both years. They were terminated June 26, 2003.

  Proceeds from the tap surcharges were used for rebates to customers who purchased water-saving toilets and washing machines; soil amendments and drought-tolerant plants, shrubs, and trees; key improvements to their irrigation systems, and a variety of additional water-saving items.

  In addition to the near-term water savings, a key benefit of this rebate program is that it introduces Denver Water's customers to the wide range of drought-tolerant plants available. Increasing the number of these plants in the utility's service area—in tandem with educating customers about appropriate watering patterns—can help to lessen water demands in future drought years.

  Under the program, customers were reimbursed for $2,423,000 for water-saving toilets, $707,000 for washing machines, $256,000 in landscape modifications, $109,000 for irrigation-system improvements and $197,000 for other items. In total, Denver Water provided rebates of $3.7 million for both years.

- Apartment Retrofitting Program. In May, Denver Water contracted with the Apartment Association of Metro Denver to update the water efficiency of apartments managed by the association's members. Under the contract, the association administers a program, available to its members, for retrofitting bathrooms with water-saving toilets, showerheads, and faucet aerators as well as for fixing leaks. To date, more than 3,125 apartments have been retrofitted under the program.

- Car Wash Certification Program. In cooperation with industry representatives, Denver Water developed the Car Wash Certification Program to promote efficiency guidelines for car washes and to achieve additional savings during the drought. More than 100 commercial car washes are now certified, resulting in more than 50 acre-feet of annual water savings.

- Restaurant Pre-Rinse Spray Valve Installation. In July, Denver Water purchased 1,000 pre-rinse spray valves for installation in restaurants throughout its service area. The utility estimates that using the valves will save 320 acre-feet of water per year.

- Mass Market Advertising. Working with 12 other metropolitan water agencies, Denver Water launched an advertising campaign that focused on the impact of the drought and the need for water conservation. The collaborative campaign, which included newspaper, television, radio, and billboard advertisements, was unprecedented; it was the first time that the agencies had ever undertaken such a joint effort.
  In November, Denver Water initiated a separate advertising campaign to encourage water

savings in the homes of residential customers. It also has budgeted for a third campaign, to begin in May 2004, which will focus on eliminating water waste.

- Cloud Seeding. In November, Denver Water continued a cloud-seeding program that began the previous year with a goal of increasing the snow pack in the South Platte watershed and focusing on the South Platte basin. The program relies on approximately 40 ground-based seeding generators to create conditions favorable for precipitation. The contracted cost for the program is $400,000, of which 20 percent will be borne by other users who benefit from increased snow pack. The program is scheduled to continue through March 2004.

- Dead-End Main Water Recovery. In any water-distribution system, water collects in dead-end mains. During the summer of 2003, Denver Water crews flushed approximately 5.1 million gallons of water from 2,500 dead-end mains during its annual flushing program. As this process came amid the worst drought in Denver's history, the utility used a minimal amount of water to flush the mains. The recovered water was used to irrigate nearby landscaping using hoses or captured in tank trucks for irrigation or construction purposes. Six tank trucks and three times the normal staffing were used to complete this task at a cost of approximately $250,000.

- Centennial Water & Sanitation District Agreement. In early 2003, amid low water runoff and stream flows, Denver Water had limited potential to exchange waters bypassed from Strontia Springs to the Chatfield Reservoir, a flood-control reservoir operated by the U.S. Army Corps of Engineers. Yet these bypassed water flows were filling the Board's Chatfield Reservoir storage account.

  To avoid spilling water from the Chatfield Reservoir—and to maximize its water-delivery capabilities in the face of the drought—the utility secured an agreement with the Centennial Water & Sanitation District, the City of Englewood, and the U.S. Army Corps of Engineers. Under the agreement, Centennial treated and delivered 1,952 acre feet of Chatfield water to Denver between January and early April at a cost of $605,000.

  Denver Water did not spill any water from its Chatfield Reservoir account in 2003.

- Other Water-Saving Incentive Programs. Denver Water's commercial/industrial incentive program rewards companies and organizations for reducing water use. Not only does this approach provide an incentive for customers to use water more efficiently and lower their bills, it helps free up relatively low-cost water that can be used to supply future customers without requiring new water-supply projects to be developed.

  Denver Water negotiates efficiency contracts with commercial and industrial customers—in essence buying back their saved water. The current price paid for water savings is $4,500 per acre-foot—about 326,000 gallons—to a maximum of $40,000 for a given project. To date, 32 participants in these programs have saved 214.8 acre feet, or 70 million gallons of water per year.

Denver Water currently has seven active irrigation efficiency contracts, which saved approximately 47 acre-feet—15.3 million gallons—of water during the 2003 irrigation season. The utility also has a monitoring program for cooling towers to help evaluate their water-saving potential and develop future water-saving programs.

Capital Construction

Despite the personnel and financial demands created by the drought, Denver Water kept a variety of capital projects on schedule in 2003 and worked to accelerate others to satisfy projected long-term demand. These projects will improve the utility's ability to serve more customers more efficiently. They include:

- Recycled Water Plant. Construction continued on the first phase of a two-phase effort associated with the Recycled Water Plant. When the first phase is online in February of 2004, the plant will produce 30 million gallons of recycled water a day for use by outdoor irrigation and industrial customers located primarily in the north and central sections of Denver.

  Total costs associated with the project recorded in Construction in Progress as of December 31, 2003 were $115.6 million.

- Marston Treatment Plant Upgrades. Over the last 3 years, Denver Water has made a number of significant upgrades and improvements at the Marston Treatment Plant to improve water quality and water production efficiency and increase treatment capacity. The total construction cost for this work was $46.7 million.

- Sediment/Debris Trap above Cheesman Reservoir. In 2002, the massive Hayman Fire consumed 137,760 acres in Colorado, including 7,043 near the Cheesman Reservoir. Because the fire stripped vegetation from such a large area, the chance of sediment washing into the reservoir for many years to come was predictable.

  Under an emergency permit issued by the Corps of Engineers, Denver Water built a sediment and debris trap above Cheesman Reservoir on Goose Creek. The trap enables the utility to maintain the capacity of the reservoir and to keep out material that affects water quality. It also keeps sediment away from the dam outlet. The cost to clean the trap out—an annual task—is expected to be $5 to $7 per cubic yard, significantly lower than the estimated $20 to $30 per yard to dredge sediment and debris from the reservoir.

  The trap, which cost $1.0 million to construct, will remain in place until the burned area around the Cheesman Reservoir returns to its pre-fire condition. The decision for the eventual removal of the structure will be made by the Natural Resources Conservation Service.

- Kassler Pump Station. Denver Water built modifications to the existing Kassler pump station to divert water from the South Platte River above Chatfield flood-control reservoir operated by the U.S. Army Corps of Engineers, delivering it to either Denver Water's

Marston Treatment Plant or its Platte Canyon Reservoir. The pump station enables the utility to divert a portion of the flows released from the Strontia Springs Reservoir, flows that would otherwise flow into the Chatfield Reservoir.

The Kassler pump station helps get water to Denver Water customers as efficiently as possible. While storage water in the Board's Chatfield Reservoir account is available only indirectly—though exchange with other water suppliers or for delivery to users downstream—water in the Marston plant or the Platte Canyon Reservoir is available for direct use in Denver Water's system.

The amount of water diverted by the Kassler pump station is governed by laws regarding the health of the South Platte River and its fish population. The pumps have a capacity of 15-45 cubic feet per second (cfs). Constructed at a total cost of $1.1 million, the pump station will begin diverting flows in early 2004.

- Temporary Pumps at Chatfield Reservoir. Denver Water installed two temporary pumps capable of pumping approximately 30 cubic feet of water per second from the Chatfield flood-control reservoir operated by the U.S. Army Corps of Engineers to the Board's Marston Reservoir via Conduit 20.

  Prior to the installation of the pumps, water in the Board's Chatfield Reservoir account was available only indirectly: either for exchange with other water suppliers or for delivery to users downstream from the reservoir. In early 2003, with the drought limiting water supplies and exchange opportunities—and with reduced delivery demands from agricultural users downstream—it was more efficient for Denver Water to deliver some of this water to customers directly. The temporary pumps facilitated that goal by transporting water to a reservoir under the utility's direct control. The total cost of the project was $1.4 million.

- Slurry Wall for Metro Area Gravel Pits. Over the last four years, Denver Water has acquired a number of gravel pits in the Denver metro area. These pits will capture water that would otherwise flow through the metro area and make extra water available to the Recycled Water Plant through exchange with other water-right holders.

  In 2003, Denver Water engaged in the first significant construction project related to capturing the water in gravel pits, building a slurry wall around the Hazeltine, Road Runners' Rest II, and Brinkmann-Woodward reservoirs. When complete, the wall will enable the pit to retain up to 18,000 acre feet of water in the gravel pits. The total cost for constructing the wall is estimated to be $3.4 million.

- Gross Dam Hydroelectric Project. Under a license from the Federal Energy Regulatory Commission, Denver Water is constructing a hydropower facility at Gross Dam. When online, the dam will be a clean source of energy that will help offset the utility's energy costs in its operations. It will generate 7.4 megawatts, or 25,000,000 kilowatt hours each year, of electricity. It is also expected to generate $1.2 million in revenue for the utility annually.

In 2003, Denver Water initiated two significant projects related to the hydropower facility. The first was an upstream slide gate at Gross Dam to enable shutoff of water to the outlet works and allow for construction of a diversion to the powerhouse. Working around the clock, dive teams labored for 51 days at 7,280 feet above sea level to install the 49 square-foot, 30,000-pound gate at a depth of 290 feet below the surface of the water. The gate installation was completed in November for a total cost of $4.1 million.

The second significant project will be the installation of two turbines and generators at Gross Dam. The Board authorized the procurement of this equipment in October. They are expected to cost $2.0 million and installation is expected to begin in the spring of 2005.

The hydropower facility is projected to come online in the fall of 2005.

System Capacity Expansion

Denver Water is always looking to meet the needs of its customers as efficiently as possible. To that end, the utility in 2003:

- Began preparing an environmental impact statement ("EIS") for the Moffat Collection System Project, a new water storage reservoir. The EIS is the first step in a process to seek authorization from the U.S. Corps of Engineers for the construction of the project. The project would provide 18,000 acre-feet of new water to the Moffat Treatment Plant, and would help meet projected near-term demand for treated water. It would also reduce vulnerability, reliability, and flexibility problems related to the utility's water delivery which can, in part, be attributed to insufficient water supplies available to the Moffat plant. A draft EIS is expected to be published in early 2005.

- Continued to work with the City of Aurora and Park County Commissioners to initiate a study on the possible expansion of Denver's Antero Reservoir in Park County;

- Engaged in a variety of efforts to secure greater water-storage and delivery capabilities, including the:
    - Purchase of 45 acre-feet of rights in City Ditch;
    - Purchase of 17 acres of land for Road Runner gravel pit, adding 530 acre feet of capacity;

Continuing Conservation, Property Management & Outreach

Conservation is key to Denver Water's ability to provide water to its customers and the utility makes substantial efforts in that regard. In 2003, these efforts included:

- Xeriscape Program. A significant part of Denver Water's conservation effort involves encouraging customers to Xeriscape, a method of landscaping that reduces the need to irrigate. Xeriscapes can save from 20 to 60 percent of the water normally applied to a traditional Kentucky bluegrass landscape.

  In 2003, more than 1,400 people attended free Xeriscape seminars and more than 50,000 visited Xeriscape exhibits at the Denver Garden and Home Show, ProGreen Expo, and other expositions. And Denver Water arranged for more than 180 people to have a private session with a landscape architect to design or redesign their existing landscapes into Xeriscapes.

  Additionally, Denver Water continued its cooperative project with the City of Aurora Utilities Department, begun in 2002, to create and produce the Planting Plan brochure, the sixth in a series, this year emphasizing "Xeriscape on a Budget."

- Burned Habitat Restoration. In 2002, multiple wildfires struck Colorado. The worst was the Hayman fire, which burned for 40 days and consumed 137,760 acres, including 7,043 acres at Denver Water's Cheesman Reservoir.

  Because the fire stripped vegetation from such a large area, it poses an increased risk for sediment washing into the Cheesman Reservoir. To help mitigate that risk, Denver Water is engaged in a long-term habitat restoration program on its lands at the reservoir and in the South Platte corridor. This plan includes using hay bales and log sediment dams to stem erosion, reseeding, aerial polymer spraying to hold the soil on the hillsides, mulching trees to put more nutrients into the soil, clearing and salvaging damaged trees, and planting new trees.

  By the end of 2003, Denver Water's efforts touched nearly all the Cheesman reservoir acreage burned by the Hayman fire. The utility cleared and/or salvaged 10 million board feet of lumber, enough to stack 22,000 cords of fire wood. And it planted 25,000 new trees, one-tenth of those that will be planted over a ten-year period.

  Denver Water spent a total of $7.3 million on these habitat-restoration efforts during 2002 and 2003. Of these costs, $2.8 million have been offset by grants from the Natural Resources Conservation Service ("NRCS") division of the U.S. Department of Agriculture, the U.S. Environmental Protection Agency ("EPA"). The utility also helped facilitate a grant from the National Forest Foundation to Coalition for the Upper South Platte for its work in restoring habitat affected by the Hayman fire.

  Denver Water estimates that it will take at least 50 years for the lands burned around the Cheesman reservoir to fully recover from the effects of the Hayman fire.

- Tabernash Meadows Conservation Easement. For several years, Denver Water has worked with representatives from Grand County regarding the disposition of 514.7 acres of county land owned by the utility. Known as Tabernash Meadows, it serves as working ranchland and its preservation is considered essential by many in the community who

believe that the county's aesthetic beauty and historic heritage must co-exist with its ongoing development.

In October, Denver Water reached an agreement under which Grand County would hold a conservation easement to Tabernash Meadows. This agreement also included a provision for Denver Water to cluster all of the development rights to the Meadows property and transfer those rights to the foothills above it—an area targeted by the county for high-density development. Denver Water also deeded a right-of-way easement to the county for a road between the towns of Fraser and Tabernash.

The result of this agreement is a win-win for all parties. Community leaders and conservationists have preserved an important piece of Grand County acreage. County officials are able to support growth and development in a planned fashion. And Denver Water is able to maintain the development value of the Meadows property.

- Sale of Property to Help Preserve Cherry Creek Corridor. In October, Denver Water sold 6.974 acres of property to the City of Denver to help preserve the Cherry Creek Corridor, an approximately 13-mile long greenway stretching from the Platte River to the Cherry Creek reservoir. The sale will help to keep the greenway a natural open space.

- Outdoor Education Programs. Working with a variety of local, state, and federal agencies as well as interested businesses, Denver Water is providing facilities and programming to encourage responsible stewardship of the environment.

  For example, through grants from the Colorado Division of Wildlife as well as funds from the federal government, Denver Water has constructed Lake Lehow, a four-acre pond designed for angler education that is located in the Bob Taylor Ecological Complex near Kassler. Through the Division of Wildlife the utility works with the City of Denver Parks and Recreation to bring inner-city youth to the lake for angler education classes. It also works with the Colorado-based fishhook manufacturer Wright & McGill to host angler education classes for senior citizens as well as the utility's annual *Take a Family Fishing* Event.

  Denver Water also coordinates with the Colorado Audubon Society to conduct courses and perform bird counts and works with Thorne Ecological Institute to conduct classes for schoolchildren in the Bob Taylor Ecological Complex.

  The utility also works with individual schools to arrange educational programs in historic Kassler, nearby Waterton Canyon, and the Bob Taylor Ecological Complex.

Increasing Operational Efficiencies

From water meters that can report usage automatically to key information-system projects, technology is playing a pivotal role in boosting operational efficiencies at Denver Water. In 2003, these efforts included:

- Automated Leak-Detection System Deployment. Denver Water has had a leak-detection program since 1980. As part of this program, technicians actively search for water leaks within the utility's distribution system using amplified listening devices. Finding a water line leak before it becomes a main break conserves water, reduces repair costs, and eliminates unscheduled outages.

  In 2003, Denver Water deployed a new leak-detection technology. Logging devices deployed within a distribution area automatically determine the presence of leaks and transmit this information to a receiver carried by a technician. The area can then be surveyed in a fraction of the time required by traditional amplified listening devices. Currently, one hundred of these devices are deployed and Denver Water has seen significant results. The logging devices, together with traditional leak-survey techniques, will allow the utility to maintain leak losses below 5 percent, already among the lowest in the utility industry.

- Automated Meter Reading Project. Denver Water has completed the third year of a five-year, $40.2 million effort to install automated water meters that can report usage via radio signals. These meters include those in residential neighborhoods as well as outdated large-capacity meters that can underreport water consumption. When complete, the project will eliminate approximately 30 meter-reading related staff and track water usage more precisely. To date, more than 150,000 of 200,000 automated meters have been installed.

- Customer Information System ("CIS") Project. To enhance its customer service and create even greater operational efficiencies, Denver Water began investigating the deployment of a new customer information and billing system (CIS) in 2002. In 2003, the utility selected a vendor and began contract negotiations for installation of the system.

- Leveraging Upgraded GIS Database. From water mains and valves to hydrants and treatment plants, Denver Water has tens of thousands of "fixed-position" assets which make up its infrastructure. In 2002, the utility engaged in a massive upgrade of its geographic information system ("GIS") database to deepen its knowledge about these assets and, by doing so, make its operations more efficient.

  The GIS upgrade had two general goals. The first was to vastly improve the positional accuracy of the engineering drawings that contain fixed-position assets and on which Denver Water and its contractors depend. These highly accurate drawings, in many instances, eliminate the need for expensive surveys and streamline the design creation, review, and approval processes.

The second goal of the GIS upgrade was to link each fixed-position asset with mapping, purchasing, maintenance, operational, financial, and other data pertinent to that asset. Doing so would enable the utility to get a depth of information about an asset using only one computer system instead of many.

In 2003, Denver Water began to leverage its updated GIS database. The updated positional information in the database provided highly accurate starting points for designing construction and system improvements. And the utility has made the process of updating the database with new asset information more efficient and faster.

Denver Water also began linking fixed-position assets in the GIS database with key land-related information from the assessor's office of the city of Denver. This information includes parcel, lot, streets, and subdivision information as well as legal descriptions and other data. This accurate and easily updated information enables the utility to quickly identify customers that could be affected by construction, maintenance, meter-reading, and other activities; it also frees staff members from database-maintenance tasks to focus on other GIS-related projects.

- New Treated Water-Distribution Model. In late 2003, Denver Water completed work on a new computerized model of its water-distribution system. Building upon previous models, it includes all distribution pipes in the Denver Water system, enabling it to be used for modeling water quality, system improvements, operational efficiencies, fire flow, and other purposes. The model also enables the utility to meet certain EPA regulations related to water quality.

- Web Site Improvements. Over the course of 2003, Denver Water made several improvements to its Web site (www.denverwater.org) to better assist its customers and aid their understanding of the drought. These improvements included 12 multi-lingual versions of the site—including a Spanish and Vietnamese version—to serve the utility's diverse population and the addition of a tool to help customers calculate potential excess water-use surcharges. Denver Water expects to make significant design changes to the site in 2004 to better aid customers.

Legislative Affairs

Denver Water actively monitors important water-related legislation and other matters that come before the Colorado General Assembly. In 2003, these matters included:

- Increased Costs Due to State Budget Shortfalls. As a result of state budget cuts, all water utilities, including Denver Water, are now being charged for water-quality oversight by the Water Quality Division of the Colorado Department of Public Health and the Environment. Water utilities are also now being charged for administration of their water rights by the Division of Water Resources due to budget-related cutbacks.

Denver Water is still investigating the full financial impact of these cutbacks. For 2004, the utility has budgeted $35,000 for water-quality oversight and $25,000 for water-rights administration for 2004.

- Elimination of New Covenants Preventing Xeriscape. As part of an omnibus water bill signed into law in April, the State of Colorado outlawed any new restrictive covenants in housing developments that prohibit or limit the installation or use of drought-tolerant vegetative landscapes known also as xeriscape. Denver Water supported this legislation.

Public Safety Planning

After the events of September 11, 2001, Denver Water took steps to tighten security at all of its facilities. These steps included the completion of a federally mandated vulnerability assessment submitted to the U.S. Environmental Protection Agency in March, and the completion of an Emergency Response Plan in September that incorporates the results of the vulnerability assessment. While there have been no threats against Denver Water facilities, all utility personnel are on an elevated alert status.

Financial Diligence

Denver Water customers have some of the lowest water bills in the Front Range region. Through the use of long-range financial planning, water-rate increases often approximate the rate of inflation. In addition to forward-looking capital construction and capacity planning—as well as conservation efforts—wise financial stewardship plays an important role in keeping customer rates low. Several events highlighted the importance of that role in 2003:

- Annual Rate Adjustments. Consistent with its long-term financial plan, Denver Water raised rates by an average of five percent for all customer classes.

- Recycled Water Rate. In anticipation of the Recycled Water Plant coming online in the spring of 2004, Denver Water established rates for the non-potable recycled water customer class that will be served from the plant.

- System Development Charge (SDC) Adjustments. A system development charge (SDC) is a fee paid either to connect a new customer to the water-distribution system of Denver Water or for an existing customer to increase their connection size. At the end of 2003, the utility raised these charges by 20 percent for all customer classes. However, in recognition of the complexities of financing and building multi-family housing, the Board worked with the building community to create a system under which developers with current or pending multi-family developments could temporarily qualify for the previous and lower SDC. This program was subject to strictly defined rules to protect the interests of all Denver Water ratepayers.

- Water Revenue Bond Sales. In 2003, Denver Water issued $127.155 million in water-revenue bonds. The bonds were used to reimburse the utility for capital expenses related

to the Marston and Foothills treatment plants and the Recycled Water Plant, to extend the maturity of some bonds, and to redeem certain bonds with higher than current-market rates. The redemption of these bonds resulted in an economic gain of $3.0 million, which is the present value savings of future debt service payments.

- 10-Year Financial Plan. Every year, Denver Water evaluates its fiscal condition and articulates a forward-looking financial plan. The utility remains financially strong, and is carefully planning for two kinds of risk: the need to complete current and future capital projects which will strengthen its water supplies and the potential impact of reduced water consumption on the utility's revenue forecasts following the drought.

  In general, the utility's 10-year financial plan is predicated on normal weather conditions. The fundamental assumption is that, over a 10-year horizon, weather and water sales will be normal, although it is understood that in any given year they will be impacted by a variety of climatic conditions. As part of its contingency planning, however, Denver Water maintains financial reserves for low-revenue periods similar to those that may occur during drought or rainy years.

  In September, Denver Water completed its current 10-year financial plan. The plan reflects the acceleration of various water-supply related construction projects necessary to meet the needs of the utility's customers. It also recognizes anticipated changes in demand as a result of the drought that will lower the utility's water sales and thus its overall revenue. This is a change from the general assumptions used in preparing past financial plans. To meet its capital construction needs with this reduced level of revenue, the utility anticipates over the next ten years issuing $180 million in new debt, increasing system development charges, and implementing annual rate increases of five percent.

  In December, the Board adopted the 2004 budget. This budget anticipates a five percent reduction of normal water sales revenue, and offsets this reduction through cost-cutting measures and the use of financial reserves.

Financial Information

Discussion of Controls

Internal Control Structure. Management of Denver Water is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Denver Water are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls. In addition, although Denver Water is not legally required to adopt budgetary accounting and reporting and make appropriations for expenditures, it does maintain budgetary controls through a formal budget process, which involves:

- Maintaining a long-range plan for addition and replacement of water system facilities based on projected demands for water, which is updated annually and is used as a basis for projecting capital expenditures in the budget.

- Maintaining a long-range plan for operation and maintenance activities.

- Developing a long-range financial plan for issuance of debt and adjustment of water rates.

- Developing annual work plans by program (raw water, reuse, water treatment, delivery, and general plant), based on the long-range plan, for operation and maintenance activities and capital projects.

- Establishing cost control center budgets for labor, materials, and services for each of the projects or activities listed on the annual operation and maintenance and capital work plans, which are combined on a total entity basis.

- Providing explanations for significant variances between budgeted and actual expenditures to the Board on a monthly basis.

Discussion of 2003 Operating Results

The discussion of 2003 operating results, capital asset activity, and long-term debt activity is contained in the MD&A in the Financial Section.

Cash Management

Denver Water's investment program has two purposes; therefore it also has two portfolios, a liquidity portfolio and an investment portfolio. The liquidity portfolio is used to ensure that the Board has the funds it needs to meet its current obligations. The purpose of the investment portfolio is to be a reserve against unexpected events and for large capital expenditures. Safety of principal is the foremost objective of the liquidity portfolio. The objective of the investment portfolio is to attain a market rate of return over a full market cycle when measured against the Lehman Government/Credit Index. At year-end, approximately 51% of the unrestricted investments were held in US government and agency securities. The remaining investments were in commercial paper, rated A-1 or P-1 by Standard & Poor's or Moody's, investment grade corporate bonds, money market mutual funds and a repurchase agreement. All of the investments are insured or registered or are held by Denver Water or its agent in Denver Water's name. Denver Water earned interest income of $6.3 million on the investments for the year. The 12-month total return on the investment portfolio was 7.42% and on the liquidity portfolio was 1.8%. See Note 2 in the Financial Section for more details.

Risk Management

The Board has a risk management program that includes self-insurance for liability, and self-insurance for employee medical and dental benefits through a commercial claims servicer. The Board carries commercial property insurance for catastrophic losses, including floods and earthquakes, for five major facilities, and carries limited insurance for other miscellaneous locations. The Board also carries commercial insurance for employee life, accident, and workers' compensation. Denver Water's liability is limited under the Colorado Governmental Immunity Act to $150,000 per person and $600,000 per occurrence. Denver Water has designated $8.2 million of its investments as available for claims covered by self-insurance. See Note 5 in the Financial Section for more details.

Pension Trust Fund Operations

The accrued actuarial liability at January 1, 2003 exceeded the accrual value of assets by $34.3 million or 64.5% of covered payroll. This compares to an accrued actuarial liability of $16.4 million or 32.4% of covered payroll at January 1, 2002. Net assets available for plan benefits increased $31,198,900 in 2003, after contributions, benefit payments and gains and losses on investments, to a total of $196.0 million as of December 31, 2003. The pension trust fund investment return was 20.90% for 2003. This return compares with a return of 28.36% for the Standard & Poor's 500 and 4.67% for the Lehman Government/Credit index. See Note 12 in the Financial Section for more details.

Disclosure Requirements

Certain information is being provided by Denver Water pursuant to various Continuing Disclosure Undertakings that have been executed by the Board in order that participating underwriters may comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission. The Government Finance Officers Association of the United States and Canada ("GFOA") recommends that these disclosures be contained in the CAFR. These disclosures made by Denver Water can be found on the following pages:

Audited Financial Statements	Section II - Financial Section
Total Outstanding Indebtedness	Section II - Notes 6, 7, 8, Exhibits II-A through D
Total Treated Water Delivered/Consumption	Page III-75
Number of Customer Accounts	Page III-20
Receipts and Expenditures	Page III-53
System Development Charges and Participation Fees	Page III-30

Other Information

Independent Audit

The City Charter requires an annual audit of the accounts of Denver Water by the City Auditor. The independent accounting firm of Grant Thornton LLP was jointly selected by the City Auditor and Denver Water to conduct this audit for 2003. Grant Thornton's report is included in the Financial Section of this report.

Awards

Comprehensive Annual Financial Report. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the fiscal year ended December 31, 2002. This was the fifteenth consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Annual Budget. The GFOA presented an award for Distinguished Budget Presentation to Denver Water for its annual budget for the fiscal year beginning January 1, 2003. This is the eleventh consecutive year Denver Water has received this award. In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Acknowledgments

This report was prepared by the staff of Denver Water with the leadership and support of the Board of Water Commissioners.

Sincerely,

Hamlet J. Barry, III
Manager, Denver Water

David B. LaFrance
Director of Finance

ARTICLE X of the CHARTER OF THE CITY AND COUNTY OF DENVER

Amended November 5, 2002

§10.1.1 Board of Water Commissioners created. There shall be and hereby is continued and created a non-political Board of Water Commissioners of five members, to have complete charge and control of a water works system and plant for supplying the City and County of Denver and its inhabitants with water for all uses and purposes.

§10.1.2 Appointments to Board. On the second Monday in July of odd-numbered years, the Mayor shall appoint one or two Commissioners, as the case may be, for terms of six years each to succeed those whose terms are expiring. The members of the Board of Water Commissioners shall each continue in office until their successors are appointed and qualified. Any vacancy on the Board shall be filled promptly by appointment by the Mayor. Each appointee shall be a citizen of the United States, a resident of the City and County of Denver, and at least 25 years of age. If a member of the Board shall cease to be a resident of Denver, the individual shall thereupon cease to be a member of the Board.

§10.1.3 Compensation and bonds. The commissioners shall each receive compensation of $600.00 per annum. Each Commissioner shall give an oath or affirmation and give an official bond in an amount and conditioned and approved as provided by the Board by resolution. The Board may require the Treasurer of the City and County of Denver to give bond conditioned in such manner as shall be determined by the Board. The premiums on all such bonds shall be paid out of the Water Works Fund.

§10.1.4 Board meetings. The Board shall hold two regular meetings each month on such days as it may by resolution determine, and special meetings at such other times as it may deem necessary. All meetings shall be open and public. If any member of the Board shall be absent for three successive regular meetings, unless excused by vote of the Board, he or she shall cease to be a member and the office shall be deemed vacant.

§10.1.5 General powers. The Board shall have and exercise all the powers of the City and County of Denver including those granted by the Constitution and by the law of the State of Colorado and by the Charter in regard to purchasing, condemning and purchasing, acquiring, constructing, leasing, extending and adding to, maintaining, conducting and operating a water works system and plant for all uses and purposes, and everything necessary, pertaining or incidental thereto, including authority to dispose of real or personal property not useful for or required in the water works operation. The Board shall have authority to generate and dispose of electric energy for water works purposes or any other purpose of the City and County of Denver. The Board may lease water facilities or the flow of water for generation of electric energy and may sell surplus energy, provided that nothing herein shall be construed as permitting the Board to distribute electric energy to the general public. The Board shall have power in the name of the City and County of Denver to make and execute contracts, take and give instruments of conveyance, and do all other things necessary or incidental to the powers herein granted, and in so doing may make such special designation in such instruments as will indicate the capacity in which the City and County of Denver is acting when such actions are taken by or on behalf of the Board of Water Commissioners. The customary practice of dealing in the name of "City and County of Denver, acting by and through its Board of Water Commissioners" is hereby confirmed and approved. The Board shall institute and defend all litigation affecting its powers and duties, the water works system and plant, and any of the Board's property and rights. In any matter affecting the powers, duties, properties, or trusts of the Board, process shall be served on the Board. The Manager of Denver Water is hereby designated as the officer upon whom process may be served in any matter in which the Board of Water Commissioners has the sole authority for the municipal corporation.

§10.1.6 Manager and personnel. The property and personnel under control of the Board shall be referred to generally as Denver Water. The Board shall designate a Manager, who shall cause the Board's policies and orders to be executed and shall bring to the Board's attention matters appropriate for its action. The Board shall have power to employ such personnel, including legal staff, and fix the classifications thereof as it may deem necessary. All such personnel shall be hired and dismissed on the basis of merit. The Board shall define the duties of each of its employees and fix the amount of their compensation. It shall be the duty of the Board to carry out the intent and

requirements of Article XX of the Constitution of the State of Colorado with respect to civil service for public utilities and works and to perform the customary functions of a civil service commission with respect to its employees. In performing the functions of a civil service commission, the Board or its designee shall have the power to conduct hearings, administer oaths and issue subpoenas enforceable in the County Court of the City and County of Denver. The Board may establish classifications of employment for persons outside the civil service system who serve solely at the pleasure of the Board. Such employees shall include the number of temporary employees the Board deems necessary and not more than 2% of all regular employees of the Board.

§10.1.7 Water works fund. There is hereby created a Water Works Fund into which shall be placed all revenues received from the operation of the water works system and plant together with all monies received by the Board from other sources. The Board shall maintain records in compliance with generally accepted accounting principles sufficient for reliance by the Treasurer and the Auditor in faithfully accounting for the Water Works Fund. The Board shall promptly deposit all receipts into a bank account in the name of the City and County of Denver acting by and through its Board of Water Commissioners. The Board may invest such funds until they are required for operations of the Board. Monies shall be paid out of the account only upon the authority of the Board and evidenced by warrants drawn upon the Treasurer by the Auditor of the City and County of Denver, except as to general obligation bonds and the interest thereon, which the Treasurer shall pay using procedures approved by the Manager of Revenue.

§10.1.8 City Auditor. The Auditor of the City and County of Denver shall audit the accounts of the Board at least annually and make a report of his or her findings to the Council of the City and County of Denver. The Board shall make all of its accounts and records fully available to the Auditor to enable him to carry forward these duties that shall be performed without interference with the water works function. The Auditor, or some person designated by him or her, shall sign all warrants, countersign and register all bonds and written contracts (with the privilege but without the necessity for keeping copies thereof). The Auditor may authorize the affixing of his or her signature by mechanical means.

§10.1.9 Water rates. The Board shall fix rates for which water shall be furnished for all purposes within the City and County of Denver, and rates shall be as low as good service will permit. Rates may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare. The rates may also be sufficient to provide for the accumulation of reserves for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

§10.1.10 Uniformity of rates. Except as specifically provided, rates charged for water furnished for use inside the city limits of the City and County of Denver shall be uniform as far as practicable and so related to the service furnished or the volume of water used as to bring about a fair and equitable distribution among all water users of the total amount to be realized from revenues derived from the sale of water used within the City and County of Denver. No special rate or discount shall be allowed to any property, entity, person or class of persons except as in this charter specifically provided.

§10.1.11 Enforcement of charges. The Board may enforce the payment of any charge by discontinuing service to the premises at which the charge arose without regard to the ownership or occupancy of such premises.

§ 10.1.12 City rates. Commencing January 1, 1960, the Board shall furnish water to the municipal government of the City and County of Denver at rates which shall approximately equal but not exceed the cost of the water furnished, not including items in such rate for debt service, additions, extensions or betterments. Such rate shall not be applicable to agencies or authorities sponsored by or supported by the City and County. The Board shall own, control and operate all water, water rights, structures and facilities of the City and County of Denver pertaining to the Farmers and Gardeners Ditch and the City Ditch. The Board shall furnish water out of the City Ditch or some equivalent source for the use of Denver in City Park and Washington Park, without any charge whatsoever.

§10.1.13 Water leases. The Board shall have power to lease water and water rights for use outside the territorial limits of the City and County of Denver, but such leases shall provide for limitations of delivery of water to

whatever extent may be necessary to enable the Board to provide an adequate supply of water to the people of Denver. Every such lease shall contain terms to secure payment of sufficient money to fully reimburse the people of Denver for the cost of furnishing the water together with an additional amount to be determined by the Board. Sales at amounts less than the above minimum may be made if warranted by economic conditions, but a contract providing for such lesser charge shall not extend for more than one year.

§10.1.14 Expenses. The entire cost of the operation and maintenance of the water works system and plant under the control of the Board shall be paid from monies of the Water Works Fund. The monies and other assets of the Water Works Fund shall not be used for any purpose except for the management, operation and maintenance of the water works system and plant, including additions, extensions and betterments, for recreational opportunities incidental thereto, and for the payment of interest and principal on bonds and other obligations, the proceeds of which were or shall be used for water works purposes.

§10.1.15 Bonded indebtedness. The Board of Water Commissioners in its sole discretion may issue revenue bonds, the proceeds of which shall be placed in the Water Works Fund and expended for water works purposes, for establishing reserves in connection with such bonds or for refunding the principal of and interest on bonds previously issued by the Board. Revenue bonds shall be payable as to interest and principal solely from the net revenues of the Board. The Board shall pledge to pay the principal and interest on such bonds from revenues of the Board, which pledge shall be irrevocable. The bonds so authorized shall be sold and issued by action of the Board and no other ratification or authorization shall be required. The Board shall have power to refund, pay or discharge the principal of any general obligation bond it issued prior to November 5, 2002, when such bond becomes payable, and may use proceeds of a new revenue bond issuance to refund, pay or discharge the general obligation bonds. Existing or future bonds issued by the Board shall continue to be excluded from the determination of any limit upon the indebtedness of the City and County of Denver.

§10.1.16 Board organization. The Board shall adopt rules governing its organization, the calling of special meetings and the conduct of its business. A majority of the Board shall constitute a quorum and all action by the Board shall be taken by a majority of the whole Board and not otherwise.

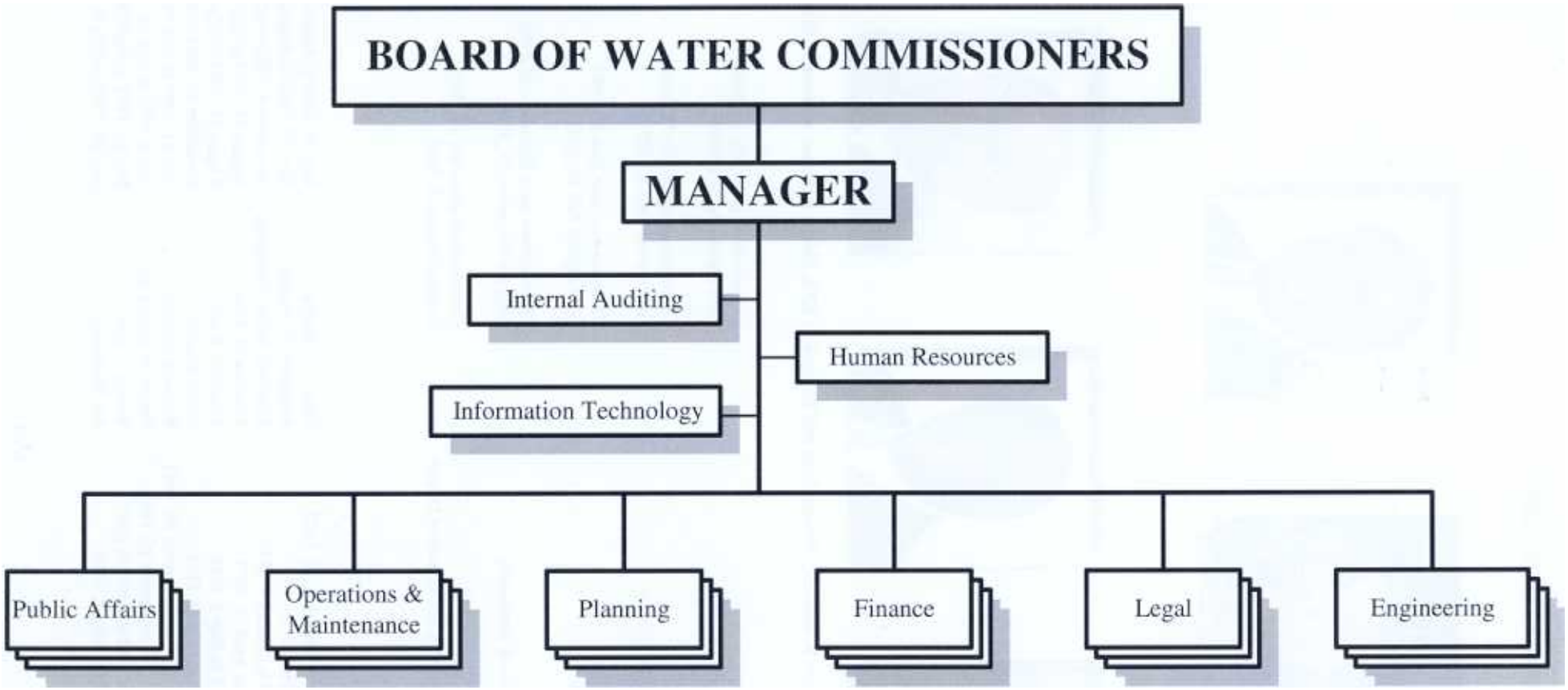
§10.1.17 Rules and regulations. The Board may adopt rules and regulations with respect to any matter within its jurisdiction as defined by Charter. It may provide for enforcement of its rules and regulations by imposing special charges in an amount reasonably calculated to secure compliance or recompense for water loss, to achieve water conservation and to reimburse the Board for expenses arising out of violation. In addition to any other lawful remedy, enforcement procedure may include refusal to supply water to a property involved. The City and County of Denver by ordinance may supplement Board rules and regulations and provide penalties for the violation of such an ordinance in the same manner as penalties are provided for the violation of other ordinances. Rules adopted by the Board and within its authority shall supersede any conflicting ordinance provision.

§10.1.18 Publication of rules and regulations. Rules and regulations adopted by the Board shall be effective after they shall have remained posted in a conspicuous public place in the principal business office of the Board for a period of fifteen calendar days. Whenever immediate application of a rule or regulation by the Board is necessary for the preservation of the public peace, health or safety, the Board may so declare, and such rule or regulation shall thereupon become effective immediately upon being posted as provided in this section.

§10.1.19 Continuity of control of water. The Board may make provision for retaining dominion over the water supply under its control through successive uses of such water, such as reuse and exchange. Such dominion shall not be affected by treatment of wastewater produced by use of the water supply.

§10.1.20 Disposition of former charter authority. The provisions of this Article X shall supersede any conflicting provision of the charter existing on May 19, 1959 when this article was adopted.

ORGANIZATION CHART - 2003



-Intergovernmental Affairs
-Community Relations
-Customer Service-Sales
-Customer Service-Office
-Water Conservation
-Customer Service-Field

-Safety & Loss Control
-Source of Supply
-Water Treatment
-Water Quality & Compliance
-Treated Water Operations
-Instrumentation & Control Sys
-Transmission & Distribution
-Maintenance

-Hydraulics
-General Planning
-Water Rights
-Raw Water Supply
-Water Resources Analysis
-Environmental Planning

-Fiscal Planning & Perf
-Accounting
-Treasury Operations
-Rate Administration
-Purchasing
-Records & Doc Admin

-General Counsel
-Attorneys

-Construction Mgt
-Survey
-Projects
-Distribution & Prop Mgt

BOARD OF WATER COMMISSIONERS - 2003





Top from left, Denise S. Maes, William R. Roberts; Bottom from left, Richard A. Kirk, Daniel E. Muse, Andrew D. Wallach

Denise S. Maes, President Attorney: Berenbaum, Weinshenk & Eason	*Commissioner since July 10, 1995;* *Term expires July 10, 2007.*
William R. Roberts, First Vice President Marketing Director, Empire Construction Services	*Commissioner since July 10, 1997;* *Term expires July 10, 2009.*
Richard A. Kirk Chairman, Richard Kirk & Associates	*Commissioner since July 21, 1993;* *Term expires July 10, 2005.*
Daniel E. Muse (partial year) Attorney: Pendleton, Friedberg, Wilson & Hennessey	*Commissioner since February 10, 2000;* *Resigned November 13, 2003.*
Andrew D. Wallach (partial year) Director of Policy and Implementation, City and County of Denver	*Commissioner since July 18, 2001;* *Resigned August 5, 2003.*

LAST 20 COMMISSIONERS

Leonard M. Campbell	July 12, 1965 to December 10, 1970	John A. Yelenick	July 14, 1969 to August 25, 1987
Armand Asborno	July 14, 1970 to July 2, 1973	Marguerite S. Pugsley	May 10, 1978 to August 25, 1987
Andrew Horan, Jr.	July 12, 1965 to January 1, 1976	Elizabeth Adrian Hennessey	November 4, 1985 to July 28, 1989
Richard S. Shannon, Jr.	July 9, 1973 to April 18, 1977	Malcolm M. Murray	August 25, 1987 to July 12, 1993
Don Friedman	April 27, 1977 to May 1, 1978	Donald L. Kortz	August 25, 1987 to July 12, 1993
William G. Temple	June 28, 1962 to July 13, 1978	Monte Pascoe	September 26, 1983 to July 10, 1995
Charles F. Brannan	December 14, 1970 to September 26, 1983	Romaine Pacheco	July 31, 1989 to July 10, 1995
James B. Kenney, Jr.	January 9, 1976 to September 26, 1983	Hubert A. Farbes, Jr.	July 8, 1985 to July 14, 1997
Charles G. Jordan	September 26, 1983 to June 28, 1985	Ronald L. Lehr	July 21, 1993 to April 20, 1999
D. Dale Shaffer	August 9, 1978 to July 8, 1985	Joe Shoemaker	July 10 , 1995 to July 9, 2001

Top from left, Hamlet J. Barry, Secretary-Manager; Marie L. Bassett, Director of Public Affairs; Jonathon L. Diebel, Director of Engineering; Bottom from left, David B. LaFrance, Director of Finance; Edward E. Pokorney, Director of Planning; Patricia L. Wells, General Counsel; Stephen W. Work, Director of Operations & Maintenance

DISCRETIONARY PERSONNEL

(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

Manager and Directors

Hamlet J. Barry, III, Secretary-Manager
Marie L. Bassett, Director of Public Affairs
Jonathan L. Diebel, Director of Engineering
David B. LaFrance, Director of Finance
Edward E. Pokorney, Director of Planning
Patricia L. Wells, General Counsel
Stephen W. Work, Director of Operations & Maintenance

Other Staff

John H. Bambei, Jr., Chief of Engineering
Edith A. Carlson, Manager of Internal Auditing
Christopher R. Dermody, Mgr of Information Technology
Sara Duncan, Intergovernmental Affairs Coordinator
Elizabeth J. Earle, Manager of Public Relations
Carla Y. Elam-Floyd, Manager of Human Resources
Kathryn M. Kempke, Manager of Treasury Operations
Kerry D. Kuykendoll, Manager of Rate Administration
David L. Little, Manager of Water Resource Planning
Trina L. McGuire-Collier, Manager of Media Relations
Michael L. Walker, Attorney
Rockford D. Wiley, Manager of General Planning

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver Water, Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

FINANCIAL SECTION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Dennis J. Gallagher, Auditor,
and the Board of Water Commissioners
City and County of Denver, Colorado:

We have audited the accompanying statements of net assets of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), a component unit of the City and County of Denver, Colorado, as of December 31, 2003 and 2002, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado, as of December 31, 2003 and 2002, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages II-3 through II-16 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The accompanying supplemental information on pages II-41 through II-45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

707 Seventeenth Street, Suite 3200
Denver, CO 80202
T 303.813.4000
F 303.839.5711 Audit
F 303.839.5701 Tax
W www.grantthornton.com

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2004 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The information included in the introductory section and statistical section listed in the accompanying table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Grant Thornton LLP

Denver, Colorado
March 12, 2004

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2003 AND 2002

The following is management's discussion and analysis ("MD&A") of the financial activities of the Board of Water Commissioners (the "Board") for the years ended December 31, 2003 and 2002. This information should be read in conjunction with the financial statements which follow.

FINANCIAL HIGHLIGHTS (See details in following sections)

- The drought and resulting Board-imposed water consumption restrictions continued to have a measurable impact on the Board's finances. There was an ***operating income*** of $9.2 million compared to $27.6 million last year, a decrease of 66%. There was ***income before capital contributions*** of $5.1 million compared to $23.8 million last year, a decrease of 79%.

- ***Capital contributions*** were $54.0 million compared to $45.4 million last year, an increase of 19%.

- ***Net assets*** increased $59.1 million, or 5%, which indicates a slightly improved financial position from prior year-end. However, this was a 14% decrease from the $69.1 million increase last year.

- ***Capital asset additions*** were $164.4 million compared to $128.5 million last year.

- ***Revenue Bonds*** in principal amounts of $50 million and $77.155 million were sold at competitive sale on May 13 and September 11, 2003, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Board's basic financial statements, which are comprised of four components: 1) statements of net assets, 2) statements of revenues, expenses and changes in fund net assets, 3) statements of cash flows, and 4) notes to the financial statements. The Board also presents certain supplementary information which is presented for additional analysis and is not a required part of the basic financial statements.

The **statements of net assets** present information on all of the Board's assets and liabilities, with the difference between the two reported as ***net assets***. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The **statements of revenues, expenses and changes in fund net assets** present information showing how the Board's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue and earned but unused vacation leave). This statement measures the success of the Board's operations over the past year and can be used to determine whether the Board has successfully recovered all its costs through its water rates and other charges.

The **statements of cash flows** report cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the year.

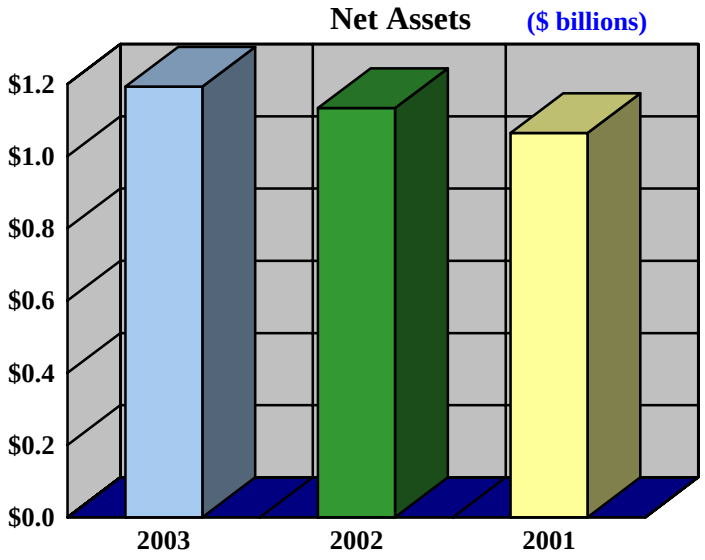
The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements, such as the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary information provides details of the Board's capital assets and bonded debt.

FINANCIAL ANALYSIS

NET ASSETS

As discussed above, net assets may serve over time as a useful indicator of the Board's financial position. The Board's net assets were $1.19 billion at December 31, 2003, an increase of $59.1 million or 5% from prior year-end. Net assets were $1.13 billion at December 31, 2002 compared to $1.06 billion at December 31, 2001, an increase of $69.1 million or 6%.



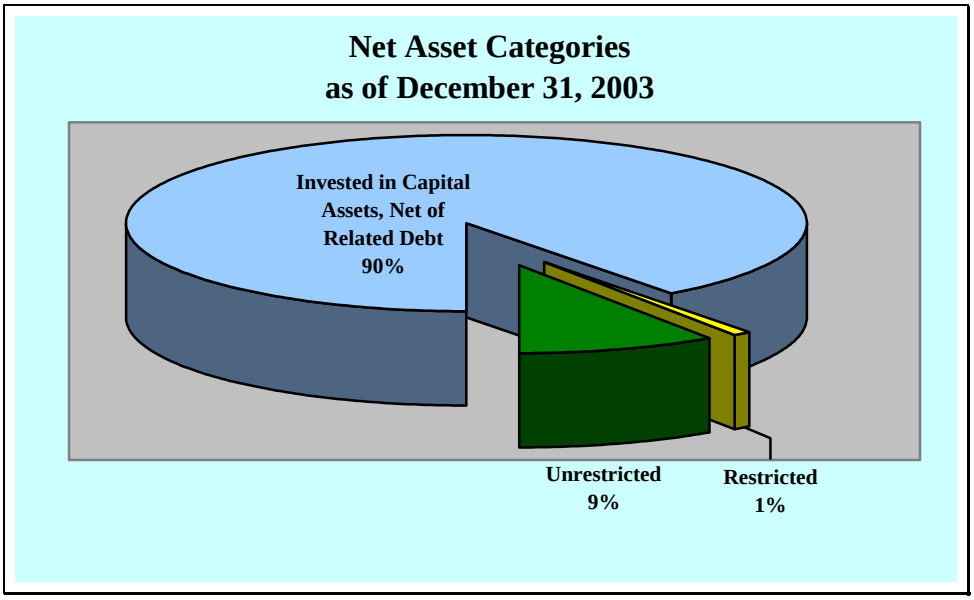
Condensed Statements of Net Assets
(amounts expressed in thousands)

	As of December 31,			2003 - 2002 Increase (Decrease)	2003 - 2002 % Change	2002 - 2001 Increase (Decrease)	2002 - 2001 % Change
	2003	2002	2001				
Current and other assets	$ 203,523	$ 199,710	$ 230,953	$ 3,813	2%	$ (31,243)	(14)%
Capital assets, net	1,449,915	1,319,641	1,220,205	130,274	10%	99,436	8%
Total assets	1,653,438	1,519,351	1,451,158	134,087	9%	68,193	5%
Current liabilities	50,894	51,530	48,007	(636)	(1)%	3,523	7%
Noncurrent liabilities	410,300	334,701	339,170	75,599	23%	(4,469)	(1)%
Total liabilities	461,194	386,231	387,177	74,963	19%	(946)	(0)%
Net assets:							
Invested in capital assets, net of related debt	1,070,437	1,018,946	911,326	51,491	5%	107,620	12%
Restricted	9,325	6,904	6,917	2,421	35%	(13)	(0)%
Unrestricted	112,482	107,270	145,738	5,212	5%	(38,468)	(26)%
Total net assets	$ 1,192,244	$ 1,133,120	$ 1,063,981	$ 59,124	5%	$ 69,139	6%

The largest portion of the Board's net assets reflects its investment in capital assets (i.e., utility plant), less any related debt used to acquire those assets. The Board uses these capital assets to provide water, consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

A small portion of the Board's net assets represents resources that are subject to external restrictions on how they may be used. The Board's 2003 restricted net assets consist of the $6.4 million reserve fund required for the Certificates of Participation displayed as restricted investments, and $3.0 million of debt service reserve funds for revenue bonds included in temporary cash investments. For 2002 and 2001, the $6.9 million is comprised solely of restricted investments for the Certificates of Participation reserve fund.

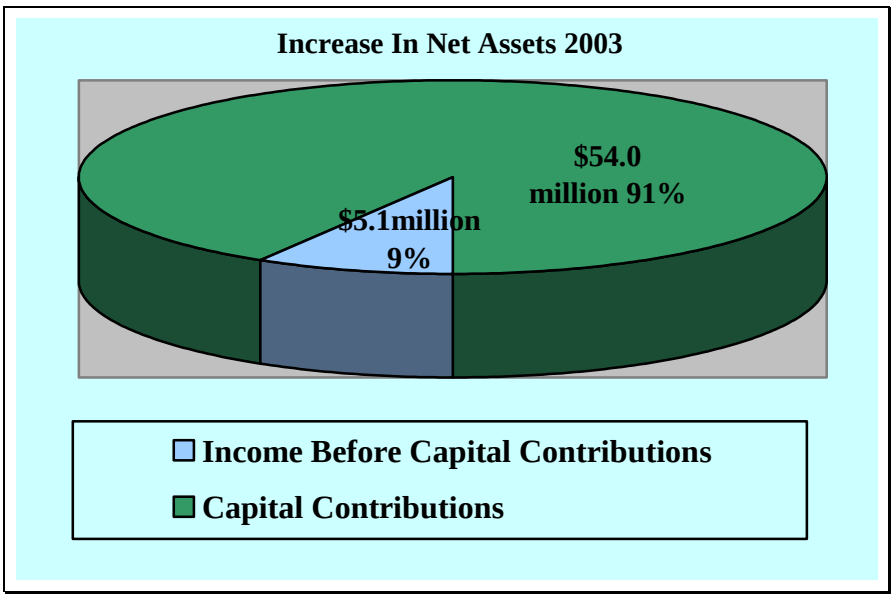
The remaining balance of the Board's net assets represents unrestricted net assets and may be used to meet the Board's ongoing obligations to creditors.



The Board's increase in net assets of $59.1 million or 5% during the current year indicates a slightly improved financial position. This increase is reflected primarily in capital assets, net of related debt. This compares to an increase in net assets of $69.1 million or 6% for last year.

CHANGE IN NET ASSETS

While the statements of net assets show the make-up of the Board's assets, liabilities and net assets at year-end, the statements of revenues, expenses and changes in fund net assets provide information on the source of the change in net assets during the year. The increase in net assets of $59.1 million in 2003 consisted of income before capital contributions of $5.1 million and capital contributions of $54.0 million. The increase in net assets of $69.1 million in 2002 consisted of income before capital contributions of $23.8 million and capital contributions of $45.3 million.

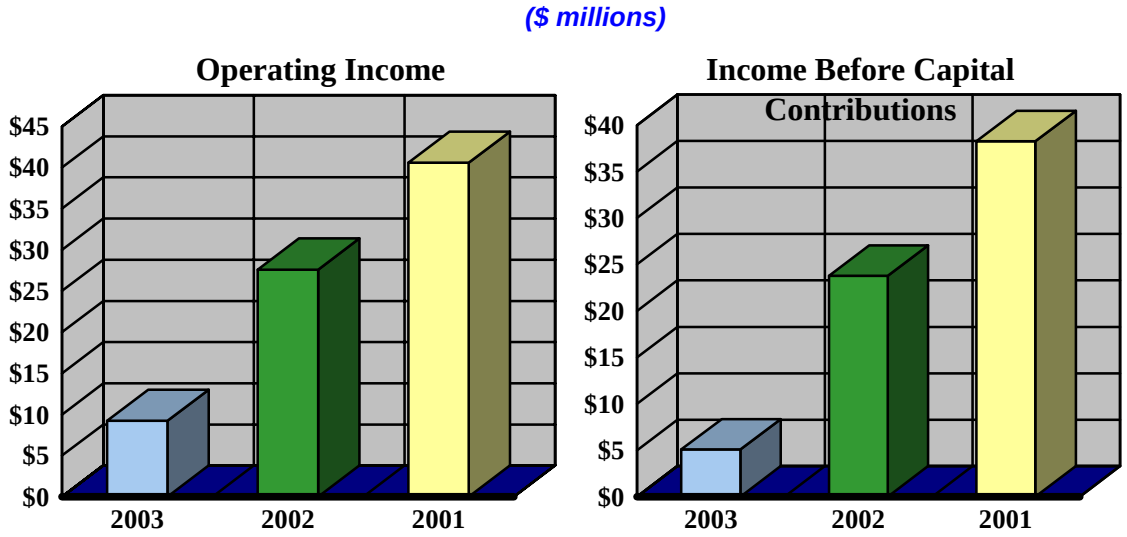


Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
(amounts expressed in thousands)

	Years Ended December 31,			2003 - 2002 Increase (Decrease)	2003 - 2002 % Change	2002 - 2001 Increase (Decrease)	2002 - 2001 % Change
	2003	2002	2001				
Operating revenues	$ 138,709	$ 148,262	$ 151,198	$ (9,553)	(6)%	$ (2,936)	(2)%
Nonoperating revenues	8,649	12,749	16,667	(4,100)	(32)%	(3,918)	(24)%
Total revenues	147,358	161,011	167,865	(13,653)	(8)%	(6,854)	(4)%
Operating expenses	129,465	120,670	110,618	8,795	7%	10,052	9%
Nonoperating expenses	12,806	16,567	18,990	(3,761)	(23)%	(2,423)	(13)%
Total expenses	142,271	137,237	129,608	5,034	4%	7,629	6%
Income before capital contributions	5,087	23,774	38,257	(18,687)	(79)%	(14,483)	(38)%
Capital contributions	54,037	45,365	40,592	8,672	19%	4,773	12%
Increase in net assets	59,124	69,139	78,849	(10,015)	(14)%	(9,710)	(12)%
Beginning net assets	1,133,120	1,063,981	985,132	69,139	6%	78,849	8%
Ending net assets	$ 1,192,244	$ 1,133,120	$ 1,063,981	$ 59,124	5%	$ 69,139	6%

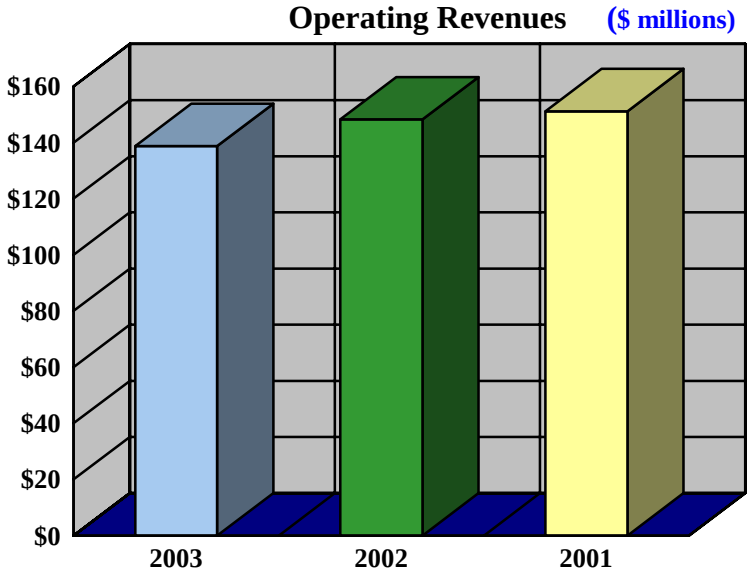
There was an ***operating income*** (operating revenues less operating expenses) of $9.2 million in 2003, compared to $27.6 million in 2002, a decrease of $18.3 million or 66%. The 2002 operating income was $13.0 million lower, or 32%, than the 2001 operating income of $40.6 million.

There was ***income before capital contributions*** of $5.1 million in 2003 compared to $23.8 million in 2002, a decrease of $18.7 million or 79%. The 2002 income before capital contributions was $14.5 million lower, or 38%, than the 2001 income before capital contributions of $38.3 million.



Specifically, major changes in the statements of revenues, expenses and changes in fund net assets were as follows:

- **OPERATING REVENUES** in 2003 decreased $9.6 million, or 6% from 2002, which decreased $2.9 million, or 2% from 2001, as follows:



Operating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2003 - 2002 Increase (Decrease)	2003 - 2002 % Change	2002 - 2001 Increase (Decrease)	2002 - 2001 % Change
	2003	2002	2001				
Water:							
Water sales	$ 124,355	$ 140,694	$ 145,565	$ (16,339)	(12)%	$ (4,871)	(3)%
Drought surcharges	9,120	2,193		6,927	316%	2,193	
	133,475	142,887	145,565	(9,412)	(7)%	(2,678)	(2)%
Power generation and other:							
Power sales	1,478	1,353	2,085	125	9%	(732)	(35)%
Special assessments	3,756	4,022	3,548	(266)	(7)%	474	13%
	5,234	5,375	5,633	(141)	(3)%	(258)	(5)%
Total operating revenues	$ 138,709	$ 148,262	$ 151,198	$ (9,553)	(6)%	$ (2,936)	(2)%

Water sales in 2003 decreased due to a 13% decrease in treated water consumption (65.4 billion gallons compared to 75.2 billion gallons) partially offset by a rate increase effective January 1, 2003. The decreased consumption was largely the effect of water restrictions imposed by the Board in response to the drought, plus differences in precipitation levels this year compared to last year. The consumption restrictions ended October 1, 2003.

Water sales in 2002 decreased due to a 7% decrease in treated water consumption (75.2 million gallons compared to 81.1 million gallons) caused by mandatory drought restrictions. The decline in consumption was offset by a rate increase effective January 1, 2002.

Drought surcharges constituted 7% of 2003 water revenue. They were imposed by the Board effective November 1, 2002, as a temporary measure designed to reduce consumption. A tap surcharge was effective September 18, 2002, which is based on 20% of the scheduled system development charge ("SDC"). Proceeds from the tap surcharge are used for conservation rebates. Tap surcharges amounted to $1.6 million of the $9.1 million total surcharges for the year ended December 31, 2003. The tap surcharges were terminated on June 26, 2003 and the rate surcharges began to be phased out on June 30, 2003 as reservoirs reached the 80% full level. They were terminated July 31, 2003.

Power Sales, which are comprised of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Associates, increased in 2003 primarily as a result of increases at Dillon and Foothills offset by decreases at Williams Fork. Dillon increased due to increased water flows in 2003, Foothills increased due to the treatment plant being down the first three months of 2002, and Williams Fork was down due to the hydro generator being down for 10 months during 2003.

Power Sales in 2002 decreased due to drought conditions at Dillon, Strontia Springs, Foothills and Roberts Tunnel.

Special assessments in 2003 decreased due to decreased drought restriction exemption permits and delinquent bill charges. They increased in 2002 due to charges for drought water violations beginning in July 2002 and fees for drought restriction exemption permits.

- **NONOPERATING REVENUES** in 2003 decreased $4.1 million, or 32% from 2002, which decreased $3.9, or 24% from 2001 , as follows:

Nonoperating Revenues
(amounts expressed in thousands)

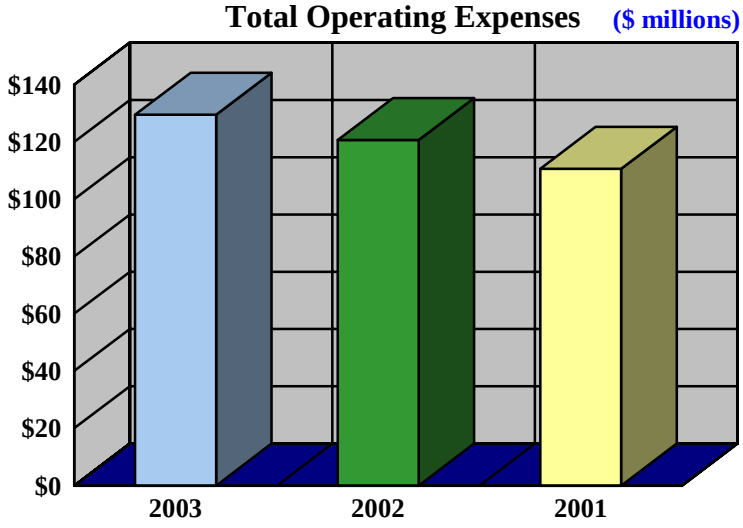
	Years Ended December 31,			2003 - 2002		2002 - 2001	
	2003	2002	2001	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investment income	$ 4,700	$ 8,184	$ 8,665	$ (3,484)	(43)%	$ (481)	(6)%
Other nonoperating income	3,949	4,565	8,002	(616)	(13)%	(3,437)	(43)%
Total nonoperating revenues	$ 8,649	$ 12,749	$ 16,667	$ (4,100)	(32)%	$ (3,918)	(24)%

Investment income decreased in both years due to lower market rates on the short-term portion of the portfolio and decreases in the fair market value of investments having maturities greater than five years due to increases in the general level of longer-term rates. The Board's investments consist of fixed income investments, and changes in the fair market value of such investments are inversely proportional to changes in interest rates.

Other nonoperating income in 2003 decreased due to a decrease in operating grants received from the U.S. Department of Agriculture and U.S. Environmental Protection Agency for restoration of land around Cheesman Reservoir damaged by the Hayman fire.

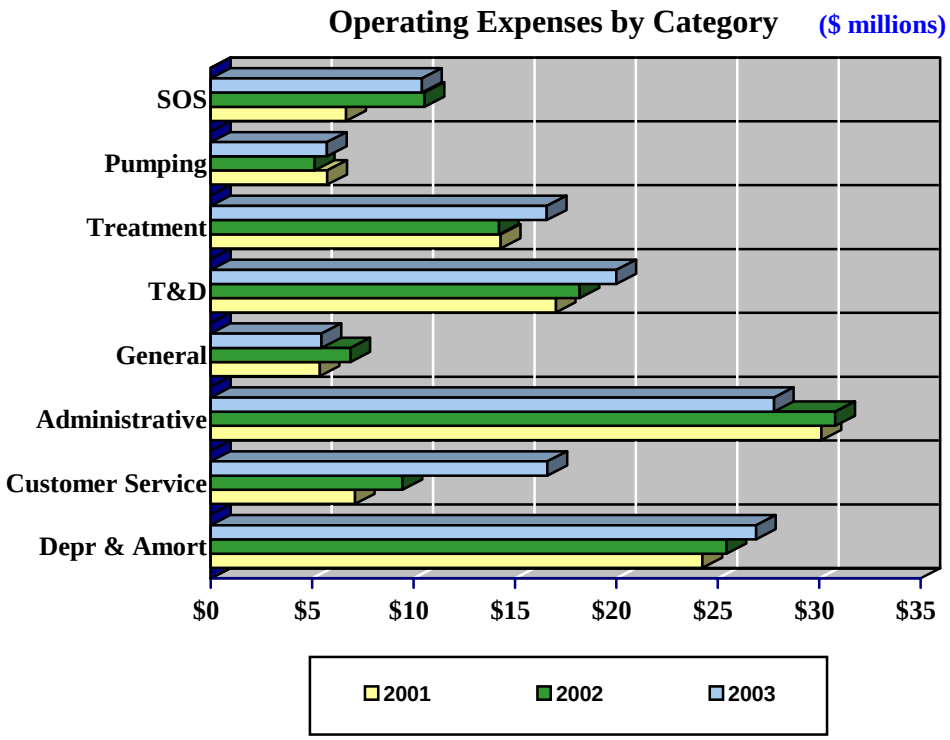
Other nonoperating income in 2002 decreased due to the receipt of $5.1 million during 2001 from a lawsuit settlement related to manufacturer defects of conduits 94 and 55, which resulted in water main breaks in 1997 and 1998, respectively. This was offset by receipt of the federal grants during 2002.

- **OPERATING EXPENSES** in 2003 increased $8.8 million or 7% from 2002, which increased $10.1 million, or 9% from 2001, as follows:

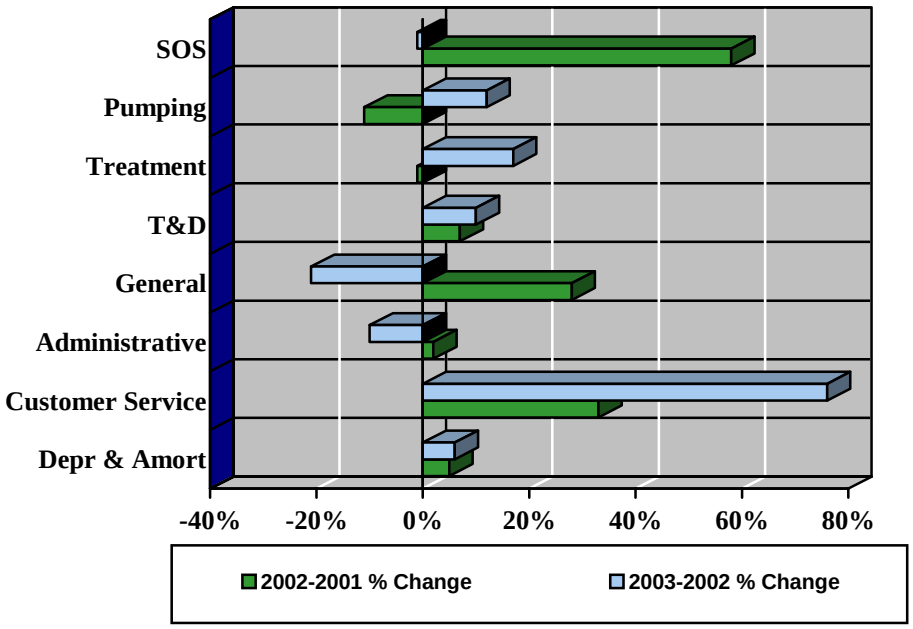


Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2003 - 2002		2002 - 2001	
	2003	2002	2001	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply	$ 10,421	$ 10,542	$ 6,685	$ (121)	(1)%	$ 3,857	58%
Pumping	5,732	5,138	5,756	594	12%	(618)	(11)%
Treatment	16,570	14,214	14,296	2,356	17%	(82)	(1)%
Transmission & distribution	20,012	18,195	17,019	1,817	10%	1,176	7%
General	5,463	6,893	5,383	(1,430)	(21)%	1,510	28%
Administrative	27,777	30,798	30,117	(3,021)	(10)%	681	2%
Customer service	16,601	9,459	7,115	7,142	76%	2,344	33%
Depreciation and amortization	26,889	25,431	24,247	1,458	6%	1,184	5%
Total operating expenses	$ 129,465	$ 120,670	$ 110,618	$ 8,795	7%	$ 10,052	9%



Percent Change in Operating Expense Categories



Major changes in 2003 were as follows:

Treatment increased due to unanticipated usage of the Moffat treatment plant due to increased snow pack, and start-up expenses associated with the new Recycling plant.

Administrative decreased primarily due to decreases in Information Technology and Human Resources. Information Technology decreased due to: 1) write-offs of computer equipment in the previous year, 2) decreased computer-related expenses (licenses, support, maintenance, and applications software), 3) decreased personal computer hardware and systems software purchases, and 4) decreased professional outside services.

Human Resources decreased due to: 1) decreased usage of temporary employment agencies, 2) decreased training expenses, 3) decreased convention and conference expenses, and 4) decreased outside professional services.

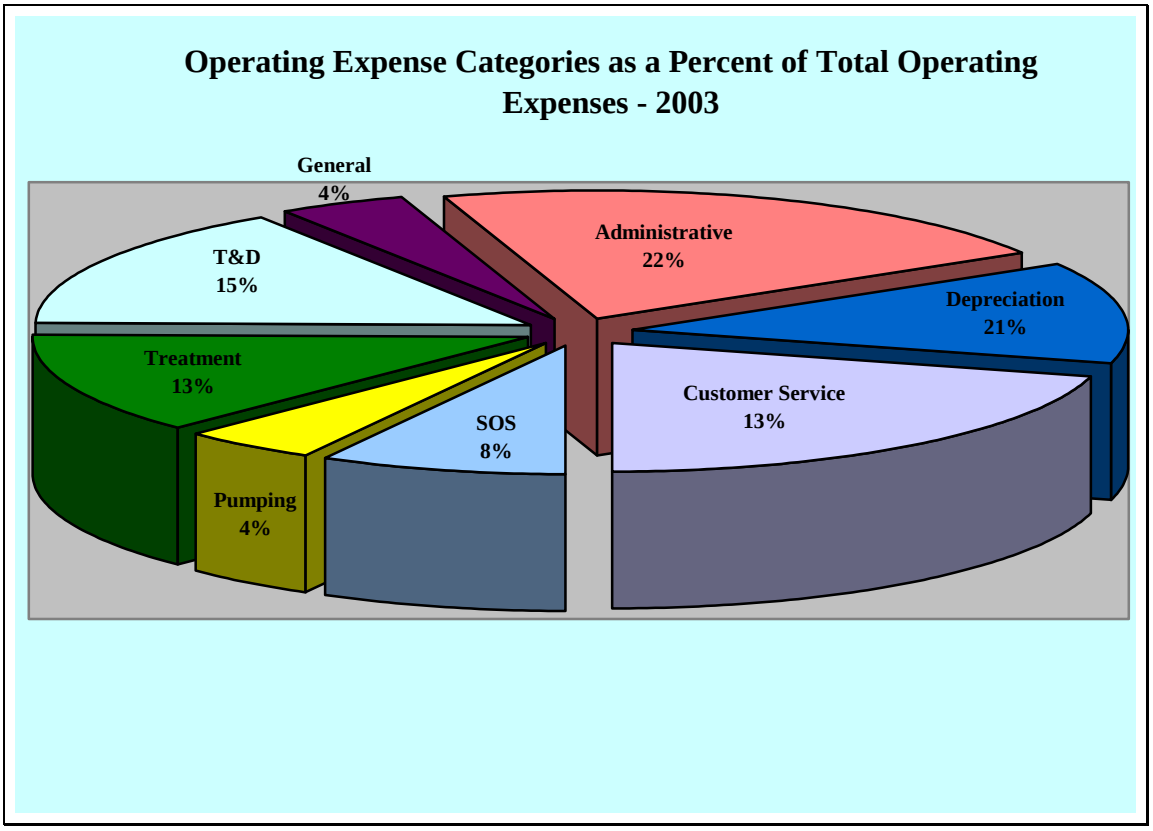
Customer service increased due to conservation and drought related activities, including the conservation rebate program and drought monitors.

Major changes in 2002 were as follows:

Source of supply expenses increased due to emergency reclamation work at Cheesman Reservoir to stabilize the slopes damaged by the Hayman Fire. The cost of this work was partially offset by federal grants discussed above.

General expenses increased due to increased security measures against potential terrorist activities.

Customer service expenses increased due to drought related activities.



- **NONOPERATING EXPENSES** in 2003 decreased $3.8 million, or 23% from 2002, which decreased $2.4 million, or 13% from 2001, as follows:

Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2003 - 2002 Increase (Decrease)	2003 - 2002 % Change	2002 - 2001 Increase (Decrease)	2002 - 2001 % Change
	2003	2002	2001				
Interest expense	$ 7,684	$ 12,315	$ 13,811	$ (4,631)	(38)%	$ (1,496)	(11)%
Loss on disposition of capital assets	481	1,314	2,410	(833)	(63)%	(1,096)	(45)%
Other nonoperating expense	4,641	2,938	2,769	1,703	58%	169	6%
Total nonoperating expenses	$ 12,806	$ 16,567	$ 18,990	$ (3,761)	(23)%	$ (2,423)	(13)%

Interest expense decreased in both years due to increases in interest expense capitalized for construction in progress, primarily the construction of the new recycling plant and Marston filtration improvements. In addition, there was a 26% increase in the interest capitalization

rate in 2003. When interest is capitalized, the interest is added to the cost of the project rather than being charged to interest expense.

Loss on disposition of capital assets in 2002 decreased due to write-offs in 2001 for Conduits 55 and 94 of $1 million due to breakage, and general equipment of $.7 million as a result of the increased capitalization limit from $1,000 to $2,500 in 2001.

- **CAPITAL CONTRIBUTIONS** in 2003 increased $8.7 million, or 19% from 2002, which increased $4.8 million, or 12% from 2001, as follows:

Capital Contributions
(amounts expressed in thousands)

	Years Ended December 31,			2003 - 2002 Increase (Decrease)	2003 - 2002 % Change	2002 - 2001 Increase (Decrease)	2002 - 2001 % Change
	2003	2002	2001				
Contributions in aid of construction	$ 33,469	$ 9,690	$ 18,172	$ 23,779	245%	$ (8,482)	(47)%
System development charges	20,568	35,675	22,420	(15,107)	(42)%	13,255	59%
Total capital contributions	$ 54,037	$ 45,365	$ 40,592	$ 8,672	19%	$ 4,773	12%

Contributions in aid of construction in 2003 increased due to net conveyances of Denver International Airport conduits and mains of $23.0 million and decreased in 2002 due to a $9.2 million conveyance of South Adams County Water and Sanitation District storage facilities and improvements in 2001.

System development charges decreased in 2003 and increased in 2002 as a result of a $9.1 million payment by Willows Water District for expansion of water service, and a $4 million payment by East Cherry Creek Valley Water and Sanitation District for non-potable water in 2002.

CAPITAL ASSET ACTIVITY

The Board's investment in capital assets at December 31, 2003 and 2002 amounted to $1.4 billion and $1.3 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions during 2003 and 2002 were $164.4 million and $128.5 million, respectively. Major additions during 2003 were:

Capital Additions
Year Ended December 31, 2003
(amounts expressed in millions)

Recycling plant & related conduits	$	59.5
DIA conduits and mains conveyances		26.1
Automated meter reading		14.1
Marston filtration improvements		13.5
Other conveyances		3.7
Gross dam inlet		3.0
Construct slurry wall		2.8
Moffat headquarters		2.1
All other		39.6
	$	164.4

LONG-TERM DEBT ACTIVITY

On May 7, 2003 the Board reaffirmed its 1998 resolution of its intention to issue tax exempt debt in a principal amount not to exceed $103 million to reimburse the Water Works Fund for money advanced to construct various capital projects, including improvements at the three treatment plants and the first phase of the recycled water facility. The first $21.478 million of debt issued under the 1998 plan of financing was included in the Series 2001 Certificates of Participation. The second series of debt issued under the reimbursement resolution was the $50 million Series 2003A Revenue Bonds sold in May 2003. The last portion of the reimbursement, in the amount of $31.522 million was included in the Series 2003B Revenue Bonds. This completes the $103 million plan of financing. The Series 2003B bonds also included an additional amount to refund certain maturities of outstanding general obligation bonds issued in prior years.

The Series 2003A Revenue Bonds, in an aggregate principal amount of $50 million, were sold at competitive sale on May 13, 2003 to Goldman, Sachs & Co. The Series 2003A Bonds will mature on each December 1 of the years 2004 through 2023 and will pay interest semiannually on June 1 and December 1, commencing on December 1, 2003. The net purchase price of the Series 2003A Bonds was $51,745,250.

The 2003B Revenue Bonds, in an aggregate principal amount of $77.155 million, were sold at competitive sale on September 11, 2003 to US Bancorp Piper Jaffrey. The Series 2003B Bonds will mature on each December 1 of the years 2004 through 2016 and will pay interest semiannually on June 1 and December 1, commencing on June 1, 2004. The net purchase price of the Series 2003B Bonds was $81,898,753.

On December 17, 2003 the Board adopted the Reimbursement Resolution of the same date declaring its “official intent” to fund amounts previously advanced for certain expenditures, including preliminary expenditures, for the acquisition, design and construction of certain

eligible water supply projects and to finance these eligible projects by the issuance of several series of revenue bonds. Pursuant to this resolution the Board preliminarily authorizes financing for the eligible projects. The Board expects that the financing for the projects will not exceed the maximum aggregate principal amount of $200,000,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
Denver Water
1600 W. 12th Ave.
Denver, Co 80204

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2003 AND 2002
(amounts expressed in thousands)

	2003	2002
ASSETS		
CURRENT ASSETS:		
Cash	$ 438	$ 314
Temporary cash investments, at fair value, including accrued interest	101,385	100,268
Accounts receivable	14,564	18,370
Materials and supplies inventory, at weighted average cost	5,150	5,355
Total current assets	121,537	124,307
NONCURRENT ASSETS:		
Restricted investments	6,370	6,904
Capital assets:		
Utility plant	1,592,662	1,461,900
Nonutility plant	8,987	7,610
	1,601,649	1,469,510
Less accumulated depreciation and amortization	(417,045)	(388,318)
	1,184,604	1,081,192
Utility plant under capital lease, less accumulated amortization of $4,545 and $3,985, respectively	38,436	38,996
Construction in progress	226,875	199,453
Net capital assets	1,449,915	1,319,641
Other noncurrent assets:		
Long-term investments	64,259	60,955
Deferred charges, less accumulated amortization of $195 and $178, respectively	3,419	3,001
Long-term receivable	7,938	4,543
Total other noncurrent assets	75,616	68,499
Total noncurrent assets	1,531,901	1,395,044
Total assets	1,653,438	1,519,351

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2003 AND 2002
(amounts expressed in thousands)

	2003	2002
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 6,019	$ 7,102
Accrued payroll, vacation and other employee benefits	10,341	10,535
Construction contracts (including retainages of $5,744 and $5,265, respectively)	10,245	12,252
Accrued interest on long-term debt	4,632	4,274
Unearned revenue	122	22
Current portion of bonds payable	13,910	11,960
Current portion of certificates of participation	4,605	4,430
Current portion of obligation under capital lease	1,020	955
Total current liabilities	50,894	51,530
NONCURRENT LIABILITIES:		
Bonds payable, net	277,342	195,249
Certificates of participation, net	54,040	58,520
Obligation under capital lease	28,561	29,581
Customer advances for construction	42,940	44,102
Accrued sick leave	5,251	5,233
Waste disposal closure and postclosure care	2,166	2,016
Total noncurrent liabilities	410,300	334,701
Total liabilities	461,194	386,231
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Invested in capital assets, net of related debt	1,070,437	1,018,946
Restricted for debt service reserve funds	9,325	6,904
Unrestricted	112,482	107,270
Total net assets	$1,192,244	$1,133,120

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
(amounts expressed in thousands)

	Years Ended December 31,	
	2003	2002
OPERATING REVENUES:		
Water	$ 133,475	$ 142,887
Power generation and other	5,234	5,375
Total operating revenues	138,709	148,262
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	52,735	48,089
General and administrative	33,240	37,691
Depreciation and amortization	26,889	25,431
Customer service	16,601	9,459
Total operating expenses	129,465	120,670
OPERATING INCOME	9,244	27,592
NONOPERATING REVENUES (EXPENSES):		
Investment income	4,700	8,184
Interest expense, less capitalized interest of $8,068 and $2,887, respectively	(7,684)	(12,315)
Loss on disposition of capital assets	(481)	(1,314)
Other income	3,949	4,565
Other expense	(4,641)	(2,938)
Net nonoperating expenses	(4,157)	(3,818)
INCOME BEFORE CAPITAL CONTRIBUTIONS	5,087	23,774
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	33,469	9,690
System development charges	20,568	35,675
Total capital contributions	54,037	45,365
INCREASE IN NET ASSETS	59,124	69,139
NET ASSETS:		
Beginning of year	1,133,120	1,063,981
End of year	$1,192,244	$1,133,120

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
(amounts expressed in thousands)

	Years Ended December 31,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$139,120	$148,920
Payments to employees	(67,920)	(66,455)
Payments to suppliers	(36,293)	(27,614)
Other receipts	8,290	5,708
Other payments	(4,469)	(7,098)
Net cash provided by operating activities	38,728	53,461
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction and customer advances for construction	5,639	7,728
Proceeds from system development charges	20,568	35,675
Proceeds from sales of capital assets	1,284	289
Proceeds from long-term bonds, plus premium, less discount	98,447	11,518
Acquisition of capital assets	(128,420)	(114,852)
Principal payments for long-term bonds	(11,960)	(11,610)
Retirements of long-term bonds	(1,380)	(2,660)
Principal payments for certificates of participation	(4,430)	(4,295)
Principal payments for capital lease obligations	(955)	(893)
Interest paid (includes capitalized interest of $8,068 and $2,887, respectively)	(16,333)	(15,760)
Net cash used for capital and related financing activities	(37,540)	(94,860)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	983,602	570,891
Interest received from investments	4,604	8,090
Purchase of investments	(989,270)	(538,127)
Net cash provided by (used for) investing activities	(1,064)	40,854
NET INCREASE (DECREASE) IN CASH	124	(545)
CASH, AT BEGINNING OF YEAR	314	859
CASH, AT END OF YEAR	$ 438	$ 314

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
(amounts expressed in thousands)

	Years Ended December 31, 2003	2002
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 9,244	$27,592
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	6,313	6,852
Other nonoperating expenses	(4,619)	(3,189)
(Increase) decrease in fair value of investments	1,877	(1,634)
Depreciation and amortization of property, plant and equipment	26,889	25,431
Change in assets and liabilities-		
Accounts receivable	411	(508)
Materials and supplies inventory	146	164
Deferred charges	(524)	(66)
Accounts payable	(1,083)	(1,139)
Accrued payroll, vacation and other employee benefits	(176)	44
Unearned revenue	100	22
Waste disposal closure and postclosure care	150	(108)
Net cash provided by operating activities	$38,728	$53,461
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1 - Contributions)	$26,668	$ 6,287
Increase (decrease) in fair value of investments	(1,877)	1,634

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

NOTES TO FINANCIAL STATEMENTS - CONTENTS
DECEMBER 31, 2003 AND 2002

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of Water Commissioners (the "Board") was created under the Charter of the City and County of Denver, Colorado (the "City") as an independent, nonpolitical board. The Board has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. It also operates six power plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Associates, for internal consumption, and for repayment to the Department of Energy for power interference.

The Board has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, "*The Financial Reporting Entity*," the Board would be classified as 1) an "other stand-alone government" since the Board is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for the Board, and 2) a "related organization" since the Mayor of the City appoints the Board's governing body, but is not financially accountable. However, the City has elected to include the Board's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, the Board's financial statements present the Board and its component units. The Board has no component units; however, it does have an interest in a component unit of the City as discussed below. The Board's interest in the component unit is blended with the Board's reporting entity because of the significance of its operational or financial relationship with the Board.

The Denver Capital Leasing Corporation ("DCLC") was organized by the City as a nonprofit corporation in accordance with state law to facilitate financing of certain capital projects for the City and the Board. DCLC is governed by a three-member board appointed by the Mayor, and is reported as a component unit of the City. It is similar to an "undivided interest," an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party's interest, each party is liable for specific, identifiable obligations, and borrowing is done individually. Each party reports its own assets, liabilities, revenues, and expenses.

DCLC entered into a Master Lease Purchase Agreement ("MLPA") with the Board pursuant to which the Board leases from DCLC certain facilities. The Board constructed the facilities with proceeds from the execution and delivery of Certificates of Participation ("Certificates"), evidencing assignments of proportionate interests in rights to receive certain revenue of the Board under its MLPA with DCLC. The Certificates are payable solely from the Board's lease payments under the MLPA. DCLC has no obligation to make any payment on the Certificates. As the Board effectively has assumed substantially all of the risks and rewards of ownership, the Board accounts for the leased assets and related lease obligations as its own assets and its own debt (see Note 7).

The Employees' Retirement Plan of the Denver Board of Water Commissioners, (the "Plan"), the Board's trusteed single-employer defined benefit pension plan, is part of the Board's entity but has been excluded for financial reporting purposes because of the following provision of the Plan (see Note 12):

The Plan and the Retirement Trust Fund created by the Plan were established and shall be maintained for the exclusive benefit of the eligible employees of the Board and their beneficiaries. No part of the Retirement Trust Fund can ever revert to the Board or be used for or diverted to purposes other than the exclusive benefit of the employees of the Board and their beneficiaries or the payment of expenses of the Plan.

Separate audited financial statements are available for the Plan.

Measurement Focus and Basis of Accounting

The Board's financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the statement of net assets, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Accounting Standards

The Board applies all applicable pronouncements of the GASB as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Opinions of the Accounting Principles Board, and Accounting Research Bulletins of the Committee on Accounting Procedure of the American Institute of Certified Public Accountants. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The definition of cash for purposes of the statements of cash flows is cash on hand and equity in treasurer's cash which represents cash on deposit with the City Treasurer in the Water Works Fund. Treasurer's cash is available for immediate withdrawal upon request by the Board.

Investments

The Board's investments consist of money market investments (commercial paper, money market mutual funds, and U.S. Treasury and agency obligations) and corporate bonds. The method of valuation for all investments is fair value (see Note 2).

Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates market.

Restricted Investments and Flow Assumption for Restricted Assets

Restricted investments consist of the reserve fund required by the MLPA established from proceeds of Certificates. The reserve fund is to be used only in the event the Board fails to make any base rental payments or other payments and fees defined in the MLPA from unrestricted assets. At the end of the lease term, the reserve fund and any related interest will be released to the Board.

Capital Assets

Purchased and constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date received. Assets are capitalized if they have a cost of $2,500 or more and have a useful life of more than one year.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

Buildings and improvements	10 - 80 years
Motor vehicles and motorized equipment	7 - 50 years
Furniture, machinery and equipment	5 - 20 years

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in nonoperating revenues (expenses).

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the related projects become operational. When projects become operational, the costs are transferred to property, plant and equipment and depreciated over the estimated useful life of the asset. In the event the projects do not become operational or the costs do not benefit future projects, all accumulated costs are expensed in the period such determination is made. If the projects become inactive but are not abandoned, the costs are carried as deferred charges and amortized over their estimated useful lives, or until the related projects become operational or abandoned. At December 31, 2003 and 2002, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled $130,000 and $146,000, respectively, net of amortization.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are also capitalized, and such costs are depreciated over the estimated useful lives of the related assets when the related assets are transferred to capital assets.

Contributions

Contributions consist of contributions in aid of construction ("CAC") and system development charges ("SDC"). CAC represent facilities, or cash payments for facilities, received from property owners, governmental agencies and customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the statement of revenues, expenses, and changes in fund net assets, after nonoperating revenues (expenses), when earned. Assets acquired through CAC and SDC are included in capital assets. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CAC and SDC assets, respectively, and is included in operating expenses (see Note 15).

Employee Compensated Absences

The Board's policy is to accrue as an expense and liability employee vacation, sick leave and other compensated absences when the employee vests in such benefits.

Operating Revenues and Expenses

Operating revenues consist primarily of charges to customers for the sale of water and power. Operating expenses consist of the cost of providing water and power, including administrative expenses and depreciation on capital assets. All other revenues and expenses are classified as nonoperating.

The Board accrues for estimated unbilled revenues for water provided through the end of each year from the last reading of the meters, based on the billing cycle.

Rates

Under the City Charter, the Board is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

On September 18, 2001, the Board approved a rate increase, effective January 1, 2002, which is estimated to increase normalized annual revenues by 2.5%.

On September 4, 2002, the Board approved a rate increase, effective January 1, 2003, which is estimated to increase normalized annual revenues by 3.1%.

On October 1, 2003, the Board approved a rate increase, effective January 1, 2004, which is estimated to increase normalized annual revenues by 5.0%.

On December 18, 2002, the Board approved an increase in System Development Charges, effective December 18, 2002, by an average of 10%.

On October 22, 2003, the Board approved an increase in System Development Charges, effective October 22, 2003, by an average of 20%.

In response to the drought, the Board approved the following temporary drought surcharges:

On August 22, 2002, the Board approved consumption surcharges, effective November 1, 2002, which were targeted to reduce consumption by 10%. They began to be phased out on June 30, 2003 as reservoirs reached the 80% full level. They were terminated July 31, 2003.

On September 18, 2002, the Board approved a tap surcharge effective September 18, 2002, which was 20% of the existing System Development Charge. It was terminated on June 26, 2003.

Recently Issued Accounting Standards

The Board early-implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” in 2003, which affects the Board’s disclosures in Note 2, “Investments.”

(2) INVESTMENTS

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. The Board has an investment policy that allows for the following investments:

- U.S. Government direct obligations and unconditionally guaranteed federal agency securities
- Other federal agency securities
- Commercial paper
- Investment Grade Corporate Bonds
- Money market mutual funds

The Board’s restricted and unrestricted investments (current and long-term) at December 31, 2003, and their maturities were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5	6 - 10	More Than 10
U.S. treasuries	$ 60,420	$ 45,845	$ 6,781	$ 3,943	$ 3,851
Corporate obligations	47,648	254	16,423	18,351	12,620
Commercial paper	33,829	33,829	-	-	-
U.S. agencies	23,504	22,447	-	585	472
Repurchase agreement	5,793	5,793	-	-	-
Total securities	171,194	108,168	23,204	22,879	16,943
Money market funds (not considered securities)	820	820	-	-	-
Total investments	$ 172,014	$ $ 108,988	$ 23,204	$ 22,879	$ 16,943

The Board maintains two investment portfolios, a liquidity portfolio which is designed to provide funds to meet the Board's obligations when they come due and an investment portfolio which is designed to attain a market average rate of return over a full market cycle.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy for the liquidity portfolio limits investments to the following maximum maturities.

Type of Investment	Maximum Maturity
Commercial Paper	7 months
Agency Securities	25 months
Treasury Securities	5 years

The policy also states that any investment maturing in excess of 2 years shall mature no later than the date of a specific cash requirement related to the investment. No more than 25% of the portfolio shall have a maturity exceeding 2 years.

The duration of the investment portfolio is limited to a range between 75% and 125% of the index used for performance measurement, the Lehman Government/Credit Index. Duration is a statistical measure of a portfolio's sensitivity to interest rate changes. The greater a portfolio's duration, the more volatile its expected change in value due to a change in the general level of interest rates.

Credit Risk

The Board limits the purchase of investments in commercial paper to those rated either A1 or better by Standard & Poor's (S&P) or P1 by Moody's Investor Services (Moody's). Corporate bonds must be rated and must have investment grade ratings by either S&P or Moody's, both nationally recognized statistical rating organizations. If a security is down-graded to the extent it is no longer eligible for purchase, and is not restored to investment grade by the end of the quarter following the quarter in which it becomes ineligible for purchase, it must be sold. As of December 31, 2003, the Board's investments in commercial paper were rated A1 or better by Standard & Poor's or P-1 by Moody's Investors Service. All of the Board's investments in corporate bonds were rated BBB- or better by Standard and Poor's or Baa3 or better by Moody's Investor Services.

Concentration of Credit Risk

The Board has placed limits on the amount that can be invested in any one issuer. For the liquidity portfolio, the limit on commercial paper is the lesser of $10 million or 5% of the portfolio at the time of purchase. Agency securities are limited to an investment of no more than $20 million in any one agency, and there is no limit on U. S. government securities. The investment portfolio may not hold more than 10% of the cost of the portfolio in any one issuer, other than the US Government or hold securities that represent more than 5% of any one issue. There were no investments that exceeded the limits imposed by the Board and no securities that were greater than 5% of their respective portfolio's value.

(3) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2003 and 2002, were as follows (amounts expressed in thousands). Other Receivables include receivables for contributions in aid of construction, system development charges, nonpotable and hydrant water sales, and power sales.

	Years Ended December 31,			
	2003		2002	
Receivables for Treated Water Sales	$ 12,691	87%	$12,457	68%
Other Receivables	1,873	13%	5,913	32%
	$ 14,564	100%	$18,370	100%
Receivables from City and County of Denver (included above):				
Receivables for Treated Water Sales	$ 14		$ 131	
Other Receivables	10		157	
	$ 24		$ 288	

(4) CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2003 is as follows.

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and land rights	$ 63,252	$ 10,919	$ (66)	$ 74,105
Construction in progress	199,453	27,422	-	$ 226,875
Total capital assets not being depreciated	262,705	38,341	(66)	300,980
Capital assets being depreciated:				
Buildings and improvements	121,632	4,256	(1)	125,887
Improvements other than buildings	1,218,978	97,566	(1,693)	1,314,851
Machinery and equipment	108,629	24,200	(3,042)	129,787
Total capital assets being depreciated	1,449,239	126,022	(4,736)	1,570,525
Less accumulated depreciation:				
Buildings and improvements	(34,002)	(2,344)	1	(36,345)
Improvements other than buildings	(328,984)	(22,311)	953	(350,342)
Machinery and equipment	(29,317)	(7,628)	2,042	(34,903)
Total accumulated depreciation	(392,303)	(32,283)	2,996	(421,590)
Total capital assets being depreciated, net	1,056,936	93,739	(1,740)	1,148,935
Total capital assets, net	$ 1,319,641	$ 132,080	$ (1,806)	$ 1,449,915

Depreciation and amortization for the years ended December 31, 2003 and 2002 were as follows (amounts expressed in thousands):

	Years Ended December 31,	
	2003	2002
Operating expenses, water service	$ 26,889	$ 25,431
Nonoperating expenses	114	110
Other, as allocated	2,160	2,167
Total depreciation and amortization	29,163	27,708
Less amortization of plant-related studies included in deferred charges	(16)	(16)
Add depreciation on Denver International Airport conduits and mains	3,136	-
Total increase in accumulated depreciation of property, plant and equipment	$ 32,283	$ 27,692

(5) RISK MANAGEMENT

The Board is exposed to various risks of losses including general liability (limited under the Colorado Governmental Immunity Act to $150,000 per person and $600,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Board has a risk management program that includes self-insurance for liability, and self-insurance for employee medical and dental benefits through a commercial claims servicer. The Board carries commercial property insurance for catastrophic losses, including floods, fires and earthquakes, for five major facilities: the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, and the Reuse Plant. It carries limited insurance for other miscellaneous locations. The Board also carries commercial insurance for employee life, accident, and workers' compensation. Workers' compensation insurance is under a retrospectively rated policy whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Premiums on the retrospectively rated policy are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2003 and 2002, claims liabilities consisting of medical and dental benefits were $1,007,000 and $1,084,000, respectively. Changes in the balances of these liabilities during 2003 and 2002 were as follows (amounts expressed in thousands):

	Beginning-of-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Year-End
2003	$ 1,084	$ 9,033	$ (9,110)	$ 1,007
2002	$ 1,542	$ 7,300	$ (7,758)	$ 1,084

Claims liabilities are reported in accrued payroll, vacation and other employee benefits on the statements of net assets. The Board has designated $8.2 million of its investments as available for claims covered by self-insurance.

(6) BONDS PAYABLE

Bonds payable consists of general obligation water improvement and refunding bonds of the City and water revenue improvement and refunding bonds of the Board. The Board is committed to repay the bonds and related interest from its revenues. Coupon rates for the bonds outstanding at December 31, 2003, range from 2.0% to 6.0%. The weighted average coupon rate on all outstanding bonds was 4.70% and 4.93% for the years ended December 31, 2003 and 2002, respectively. A summary of debt maturity for the bonds as of December 31, 2003, is as follows (amounts expressed in thousands):

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 13,910	$ 13,903	$ 27,813
Long-term:			
2005	19,305	12,739	32,044
2006	20,125	11,852	31,977
2007	24,300	11,004	35,304
2008	22,135	9,799	31,934
2009-2013	82,480	34,316	116,796
2014-2018	53,030	17,805	70,835
2019-2023	36,665	8,730	45,395
2024-2028	-	3,232	3,232
2029	11,550	646	12,196
	269,590	110,123	379,713
Plus premium	8,613	-	8,613
Less deferred amount on refunding	(861)	-	(861)
Total long-term	277,342	110,123	387,465
	$ 291,252	$ 124,026	$ 415,278

The Board issued two series of revenue bonds in 2003, Series 2003A in May and Series 2003B in September. The Series 2003A revenue bonds were issued in an aggregate principal amount of $50,000,000 at a true interest cost (TIC) of 4.26%. The proceeds of these bonds were used to fund amounts previously advanced by the Board for the acquisition, construction and installation of capital improvements to the Marston and Foothills water treatment plants.

The Series 2003B revenue bonds were issued in an aggregate principal amount of $77,155,000 at a true interest cost (TIC) of 3.79%. The proceeds of these bonds were used as follows:

1) $9,840,000 was used to pay for the October 1, 2003 maturities of the Series 1994, 1995, 1996 and 1997 general obligation bonds.

2) $35,795,000 was used for a current refunding of the remaining Series 1994 general obligation bonds callable on October 1, 2003.

3) The remaining proceeds were used to fund amounts advanced by the Board for acquisition, construction and installation of capital improvements in accordance with the Board's Reimbursement Resolution for capital improvement financing dated April 21, 1998. These proceeds were allocated to the costs related to construction of the first phase of a recycled water project.

The current refunding of the Series 1994 bonds increased total debt service requirements over the next 10 years by $249,000, but resulted in an economic gain of $2,963,000. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds ("deferred amount on refunding") of $309,000. This difference, reported in the accompanying financial statements as a deduction from the bonds is being amortized as a component of interest expense through 2010. At December 31, 2003 the unamortized deferred amount on refunding for all bond refundings deducted from the bonds payable is $861,000.

In 2002, the Board issued $11,610,000 of general obligation water refunding bonds at a true interest cost (TIC) of 3.99%. The proceeds of these bonds were used to pay $2.24 million of bonds which matured on September 1, 2002 and $9.37 million which matured on October 1, 2002.

(7) CERTIFICATES OF PARTICIPATION

Certificates of Participation (see Note 1) were executed and delivered pursuant to a Mortgage and Indenture of Trust Agreement between a bank, acting as trustee ("Trustee"), and DCLC, pursuant to which DCLC assigned all of its rights, title, and interest under the MLPA to the Trustee. The MLPA is subject to termination on an annual basis by the Board, upon which any outstanding Certificates will be payable solely from funds held by the Trustee and any amounts made available by the Trustee's sublease or sale of the leased assets under the MLPA.

Certificates were issued in 1987, 1991, 1998 and 2001 to finance the construction of pretreatment facilities for the Marston Treatment Plant, improvements to the Moffat Treatment Plant, construction of the 64th Avenue Pump Station, and to advance refund previously issued Certificates to take advantage of lower interest rates. As of December 31, 2003, only the 2001 and 1998 Certificates remain outstanding with principal balances of $35,950,000 and $23,210,000, respectively.

The advance refunding of past Certificates resulted in a difference between the reacquisition price and the net carrying amount of the old Certificates ("deferred amount on refunding"). This difference, reported in the accompanying financial statements as a deduction from the Certificates, is being amortized as a component of interest expense through November 2011, which is the shorter of the remaining life of the old Certificates and the life of the new Certificates. At December 31, 2003, the unamortized deferred amount on refunding deducted from the Certificates is $1,584,000.

The MLPA, as amended and restated, requires a reserve fund be established from proceeds of the Certificates. The reserve fund is to be used in the event the Board fails to make payment of any base rental payments or other payments and fees defined in the MLPA. At December 31, 2003 and 2002, the reserve fund was $6,370,000 and $6,904,000, respectively, and is recorded as Restricted Investments. At the end of the lease term, the reserve fund and any related interest will be released to the Board.

A summary of scheduled payments for the Certificates as of December 31, 2003, is as follows (amounts expressed in thousands):

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 4,605	$ 2,729	$ 7,334
Long-term:			
2005	4,800	2,534	7,334
2006	5,005	2,327	7,332
2007	5,235	2,110	7,345
2008	5,710	1,867	7,577
2009-2013	27,775	4,939	32,714
2014-2016	6,030	603	6,633
	54,555	14,380	68,935
Plus premium	1,069	-	1,069
Less deferred amount on refunding	(1,584)	-	(1,584)
Total long-term	54,040	14,380	68,420
	$ 58,645	$ 17,109	$ 75,754

The Certificates are also collateralized by certain assets purchased and/or constructed under the MLPA. Two locations are subject to the MLPA, the Marston Pretreatment Facility Site, consisting of three parcels of land, and the Moffat Treatment Plant Site, consisting of four parcels of land. Leased property at the two sites includes all property permanently affixed to the sites as well as those items of movable equipment, machinery and related personal property which are necessary to the performance of the functions performed at the facility at which they are located and which remain located there for 60 days or more. The Board may remodel, substitute, modify, add to or remove leased property at its expense, provided that the value of the leased property shall not be decreased as a result of such changes.

(8) CAPITAL LEASE

On July 21, 1992, the Board entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to the Board at the end of the lease term ownership, use and control of 40% of the storage capacity of Wolford and 40% of the water right. The present value of the minimum lease payments at the beginning of the lease term, including a $2.4 million nonrefundable deposit, was $43 million, and the Board recorded an asset and obligation under capital lease of that amount. The project was completed in the fall of 1995. The asset is recorded in Utility Plant under Capital Lease and amortization of the asset is included in Depreciation and Amortization.

Minimum capital lease payments were $3,000,000 during both 2003 and 2002. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2003 (amounts expressed in thousands):

Year Ending December 31:	
2004	$ 3,000
2005	3,000
2006	3,000
2007	3,000
2008	3,000
2009-2013	15,000
2014-2018	15,000
2019-2020	4,500
Total minimum lease payments	49,500
Less interest at 6.75%	(19,919)
Present value of minimum lease payments (obligation under capital lease)	29,581
Less current portion	(1,020)
	$ 28,561

(9) CUSTOMER ADVANCES FOR CONSTRUCTION

South Adams County Water and Sanitation District ("SACWSD")

On December 16, 1997, the Board and SACWSD entered into a Memorandum of Understanding, and on November 30, 1998, entered into a final agreement, whereby the Board would have supplied 4,000 acre-feet of treated water annually to SACWSD beginning on or before January 15, 2004, for which SACWSD paid prepaid system development charges of $22,920,000 in December 1997. The agreement was contingent upon SACWSD's acquiring, developing, and conveying to the Board storage facilities for 8,000 acre-feet of water along the South Platte River downstream of Denver, and improvements to the Board's 56th Avenue facilities. Because development of the storage projects will take longer than anticipated, the Board and SACWSD entered into a temporary potable water lease agreement whereby the Board will provide 2,000 acre-feet of water annually to SACWSD until the project is operational, which is estimated to be December 2007.

The Board initially recorded all payments in Customer Advances for Construction. As of December 31, 2003, conveyances of $9.3 million were transferred from Customer Advances for Construction to Contributions in Aid of Construction for the storage facilities and improvements. When storage facilities for 8,000 acre-feet of water are completed and the Board begins supplying water under the agreement, the initial payment of $22,920,000 will be transferred to System Development Charges.

Xcel Energy ("Xcel")

In December 1997, the Board and Xcel entered into an agreement whereby the Board will supply up to 5,200 acre-feet of nonpotable reuse water annually from the Board's nonpotable recycle plant to Xcel's Cherokee generating plant beginning in February 2004, when the recycling plant was completed, for which Xcel paid prepaid system development charges of $12,519,000 in January 1998. The Board recorded the payment in Customer Advances for Construction. The payment was transferred to System Development Charges in February 2004.

(10) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

The Board operates a landfill at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates sludge drying ponds at Ralston Reservoir for treatment of water treatment residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. Both sites have been in operation since 1995. State and federal laws and regulations require the Board to perform certain closing functions on these disposal sites when they stop accepting waste, including placing a final cover on the Foothills landfill, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure.

Although these sites are not municipal solid waste landfills, and are outside the scope of GASB Statement No. 18, "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*," ("GASB No. 18"), the Board voluntarily implemented the provisions of that statement in 2000 to meet state and federal financial assurance requirements discussed below. Prior years were not restated due to the immateriality of the amounts involved.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, the Board reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each statement of net assets date. The Board reports the entire liability for closure and postclosure care costs for the Ralston sludge drying ponds since they are not "filled" like a landfill, but are reusable.

Approximately $2.2 and $2.0 million is reported as Waste Disposal Closure and Postclosure Care liability at December 31, 2003 and 2002, respectively for the two sites as follows (amounts expressed in thousands):

	Foothills	Ralston	Total
2003			
Closure Costs	$ 174	$ 1,001	$ 1,175
Postclosure Care Costs	239	752	991
	$ 413	$ 1,753	$ 2,166
2002			
Closure Costs	$ 184	$ 1,043	$ 1,227
Postclosure Care Costs	214	575	789
	$ 398	$ 1,618	$ 2,016

These costs are based on the use of 18% of the active portion of the Foothills landfill and 100% of the Ralston drying beds. The Board will recognize the remaining estimated cost of the Foothills postclosure care of $1,113,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2003. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be 50 years for the active disposal area of 61.7 acres. In addition, there is expansion capability of 48 acres with an indefinite life. The Ralston drying beds have an indefinite life.

The Board is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. The Board chose the "Local Government Financial Test" which includes profitability requirements, minimum general obligation bond ratings, unqualified audit opinions, and the implementation of GASB No. 18.

(11) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2003 and 2002 were as follows:

	December 31, 2002 (Current and Long-Term)	2003 Additions	2003 Reductions	December 31, 2003 (Current and Long-Term)	Due Within One Year
Bonds payable, net	$ 207,209	$134,013	$ (49,970)	$ 291,252	$ 13,910
Certificates of participation, net	62,950		(4,305)	58,645	4,605
Obligation under capital lease	30,536		(955)	29,581	1,020
Customer advances for construction	44,102	4,120	(5,282)	42,940	
Accrued sick leave	6,941	24		6,965	1,714
Waste disposal closure	2,016	150		2,166	
	353,754	$138,307	$ (60,512)	431,549	$ 21,249
Less current portion	(19,053)			(21,249)	
Total long-term liabilities	$ 334,701			$ 410,300	

	December 31, 2001 (Current and Long-Term)	2002 Additions	2002 Reductions	December 31, 2002 (Current and Long-Term)	Due Within One Year
Bonds payable, net	$ 210,326	$ 11,517	$ (14,634)	$ 207,209	$ 11,960
Certificates of participation, net	67,124	121	(4,295)	62,950	4,430
Obligation under capital lease	31,429		(893)	30,536	955
Customer advances for construction	39,777	7,290	(2,965)	44,102	
Accrued sick leave	6,835	581	(475)	6,941	1,708
Waste disposal closure	2,124	18	(126)	2,016	
	357,615	$ 19,527	$ (23,388)	353,754	$ 19,053
Less current portion	(18,445)			(19,053)	
Total long-term liabilities	$ 339,170			$ 334,701	

(12) PENSION PLAN

Plan Description

The Board sponsors and administers a trusteed, single-employer defined benefit pension plan, (the "Plan"). The Plan provides retirement benefits with limited annual cost-of-living adjustments to retired members and, if elected by the member, to his or her surviving spouse. Members of the Plan include substantially all regular and discretionary full-time and part-time employees of the Board. It also provides retirement benefits in the event of total and permanent disability, and a $5,000 death benefit. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board; however, any amendment that substantially impairs the property rights of employees will not become effective until approved by two-thirds of the employees. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Manager of Treasury Operations, MC 210, Denver Water, 1600 West 12th Avenue, Denver, CO 80204-3412.

Funding Policy

The Contribution requirements of plan members and the Board are established and may be amended by the Board, which acts as trustee of the Plan. The Plan's funding policy provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. These required contributions may vary and are not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not required to make contributions, but may elect to make voluntary after-tax contributions to the Plan for the purpose of purchasing an additional monthly benefit. The additional benefit is in the form of an immediate monthly annuity with no cost-of-living adjustment. The Board intends to continue making annual contributions to the Plan based on current annual actuarial valuations, but reserves the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost

The Board's annual pension cost for 2003 was $7,833,000, equal to the Board's required and actual contributions. The required contribution was determined as part of the January 1, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.5% to 11.5% per year, and (c) 4% per year cost-of-living adjustments. Salary increases include an inflation component of 4.0%. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts on a closed basis. The remaining amortization period at January 1, 2003 was 32 years.

Trend Information

Three-year trend information for the Board's pension cost and contributions is as follows (amounts expressed in thousands):

Year	Cost (APC)	Contributed	Obligation
2001	$3,529	100%	-
2002	$6,063	100%	-
2003	$7,833	100%	-

A Schedule of Funding Progress for the Plan is as follows (amounts expressed in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/01	$195,559	$188,903	($6,656)	103.5%	$46,564	(14.3)%
1/1/02	$193,040	$209,443	$16,403	92.2%	$50,695	32.4%
1/1/03	$189,791	$224,080	$34,289	84.7%	$53,188	64.5%

(13) DEFERRED COMPENSATION PLANS

The Board has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular and discretionary employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and the Board does not make

any contributions. The Board has no liability for losses under the plan but does have the usual fiduciary responsibilities of a plan sponsor.

The Board also sponsors the Denver Water Supplemental Retirement Savings Plan ("SRSP"). The SRSP is a 401(k) defined contribution plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board. All regular and discretionary employees are eligible to participate in the plan. Under the terms of the plan, the Board will make a matching contribution to the SRSP's trust fund each year in an amount equal to 100% of each participant's elective contributions, limited to 3% of the participant's base salary for the year. During 2003 and 2002, the Board made contributions totaling $1,415,000 and $1,412,000, and members contributed $2,895,000 and $2,927,000 respectively, to the SRSP.

(14) POSTRETIREMENT BENEFITS

As part of the retirement program revisions instituted in 1995, the Board, under authority of the City Charter, established a postretirement health care benefit in the form of a $125 fixed monthly subsidy for medical, dental, or vision insurance coverage obtained through the Board's health plan to all employees taking early retirement. The subsidy begins with the first pension payment and continues until the retiree reaches age 65, or until pension payments cease, whichever is earlier. The subsidy is not written in the retirement plan or paid out of retirement plan funds and can only be used each month to offset part or all of that month's cost of insurance coverage. Currently, 107 retirees are eligible to receive this benefit. Expenses of this program are recognized as incurred, which amounted to $133,000 and $127,000 during 2003 and 2002, respectively.

(15) CAPITAL CONTRIBUTIONS AND GRANTS

Capital Contributions

Inception-to-date and current year proceeds from contributions in aid of construction ("CAC") and system development charges ("SDC") were as follows (amounts expressed in thousands):

	CAC	SDC
Inception through December 31, 2001	$ 243,048	$ 378,170
2002 Additions	9,690	35,675
Inception through December 31, 2002	252,738	413,845
2003 Additions	33,469	20,568
Inception through December 31, 2003	$ 286,207	$ 434,413

During 2003, the Board recorded net conveyances from the City of conduits and mains constructed at Denver International Airport of $23.0 million.

Operating Grants

As a result of the Hayman fire, the Board entered into an agreement with the U.S. Department of Agriculture Natural Resources Conservation Service on September 16, 2002 under their Emergency Watershed Protection Program whereby they will reimburse the Board for 75% of its total costs up to $3,524,000, or $2,643,000, for restoration of the land damaged by the fire around Cheesman reservoir. The length of the agreement is for 220 days.

Amounts earned were $1,636,000 and $1,007,000 during 2002 and 2003, respectively, for a total of $2,643,000, and were recorded in nonoperating revenues (expenses) – other income.

The Board also entered into an agreement with the U.S. Environmental Protection Agency on November 29, 2002 under Section 319 of the Clean Water Act whereby they will reimburse the Board for 60% of its total costs up to $833,333, or $500,000, to revegetate the burn area surrounding Cheesman Reservoir through a seeding and mulching effort. The agreement is effective through December 31, 2003. Amounts earned were $65,000 and $108,000 during 2002 and 2003, respectively, for a total of $173,000, and were recorded in nonoperating revenues (expenses) – other income.

(16) LITIGATION

In August 1995, the Board received the results of an environmental self-audit, which revealed that a pipe to which several shop drains were connected was a storm drain rather than a sanitary sewer drain. This situation probably resulted in discharges of pollutants to the South Platte River. Despite the conclusion of the Colorado Department of Public Health and Environment that the Board should not be penalized, the U.S. Environmental Protection Agency ("EPA") and the U.S. Department of Justice ("DOJ") decided in 1999 to file an enforcement action under the Clean Water Act and the Resource Conservation and Recovery Act ("RCRA"). The Board negotiated a settlement with the DOJ and EPA whereby the Board paid a penalty of $48,000 and agreed to perform the following "supplemental environmental projects" that benefit the environment: 1) execution of a contract for $58,000 to purchase trees and shrubs for the Overland section of the South Platte restoration project, and 2) construction of a building containing a paint shop, a vehicle wash and a waste management facility ("Building Number 3"), which will result in a significant reduction in the amount of hazardous waste and wastewater. Construction of Building Number 3 was completed before the deadline of October 11, 2001. On December 4, 2002, the Board filed a completion report with EPA that demonstrated that the expected environmental benefits are being accomplished. On January 8, 2003, the Department of Justice accepted the completion report and granted permission for the Board to file a motion with the court to terminate the consent decree. Therefore, the Board has no remaining responsibility or liability under the consent decree and this matter has been completed.

(17) CONSTRUCTION COMMITMENTS – RECYLING PLANT

The recycled water project is a water supply project that will result in the treatment and delivery of up to 17,660 acre-feet of water suitable for industrial and outside irrigation uses. The first phase of the project includes a 30 million gallon per day ("mgd") treatment plant located at 56th Avenue and York Street, and distribution facilities to serve Xcel Energy and parks and schools located primarily in the north and central sections of Denver. Subsequent phases will include expansion of the treatment plant to 45 mgd and extension of the distribution facilities to Stapleton, Lowry, Rocky Mountain Arsenal, and other industrial and outside irrigation users in close proximity to the major pipelines. Total costs associated with the project recorded in Construction in Progress as of December 31, 2003 were $115.6 million. The initial phase was completed in February 2004. The total project is currently estimated to cost $164 million, excluding indirect costs, and is scheduled for completion in 2013.

Total contract commitments as of December 31, 2003, including those for the recycling plant, are $56.3 million.

SUPPLEMENTAL FINANCIAL INFORMATION

EXHIBIT I

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2003
(amounts expressed in thousands)

	Depreciation Life (Years)	Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2003
		Balance, December 31, 2002	Additions and Transfers	Sales and Retirements	Balance, December 31, 2003	Balance, December 31, 2002	Provision	Sales, Retirements and Transfers	Balance, December 31, 2003	
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	$ 400,248	$ 19,329	$ (227)	$ 419,350	$ 108,707	$ 4,667	$ (202)	$ 113,172	$ 306,178
Pumping plant	20 - 80	46,064	3,841	(331)	49,574	13,481	969	(247)	14,203	35,371
Water treatment plant	20 - 80	233,121	40,868	(1,885)	272,104	60,250	5,037	(1,303)	63,984	208,120
Transmission and distribution plant	30 - 80	605,581	47,252	(133)	652,700	139,995	11,777	(28)	151,744	500,956
General plant and equipment	5 - 50	91,114	10,386	(2,222)	99,278	47,722	6,047	(1,330)	52,439	46,839
Leasehold and other improvements	5 - 30	71,709	13,887	(2)	85,594	15,388	3,115	(2)	18,501	67,093
Land held for future use		14,063	-	(1)	14,062	-	-	-	-	14,062
Total utility plant in service		1,461,900	135,563	(4,801)	1,592,662	385,543	31,612	(3,112)	414,043	1,178,619
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	7,549	1,378	-	8,927	2,738	110	116	2,964	5,963
General equipment	10 - 20	61	-	(1)	60	37	1	-	38	22
Total nonutility plant in service		7,610	1,378	(1)	8,987	2,775	111	116	3,002	5,985
UTILITY PLANT UNDER CAPITAL LEASE	80	42,981	-	-	42,981	3,985	560	-	4,545	38,436
CONSTRUCTION IN PROGRESS		199,453	27,422	-	226,875	-	-	-	-	226,875
Total property, plant and equipment		$ 1,711,944	$ 164,363	$ (4,802)	$ 1,871,505	$ 392,303	$ 32,283	$ (2,996)	$ 421,590	$ 1,449,915

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

GENERAL OBLIGATION AND REVENUE WATER IMPROVEMENT AND REFUNDING BONDS
OUTSTANDING AT DECEMBER 31, 2003
(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2003	Amount Issued	Amount Retired	Amount Outstanding	Bonds Which Are Callable: Callable Amount	Bonds Which Are Callable: Bond Nos.	Bonds Which Are Callable: Initial Date Callable
General Obligation Bonds							
Sep 15, 1995*	4.75-5.00%	$ 12,825	$ (4,440)	$ 8,385	$ 6,000	Regstrd.	Oct 1, 2005
Sep 15, 1996*	4.60-5.375%	16,975	(6,085)	10,890	7,330	Regstrd.	Oct 1, 2006
Aug 1, 1997*	4.40-5.50%	19,530	(2,100)	17,430	11,900	Regstrd.	Oct 1, 2007
Sep 15, 1999*	5.50-6.00%	14,530	-	14,530	11,550	Regstrd.	Oct 1, 2013
Sep 15, 2000*	4.80-5.50%	12,700	-	12,700	10,410	Regstrd.	Oct 1, 2011
Aug 15, 2001A*	4.00-4.70%	11,215	(1,350)	9,865	4,310	Regstrd.	Sep 1, 2011
Aug 15, 2001B*	4.00-5.00%	75,170	(2,845)	72,325	-	Regstrd.	Not callable
Oct 1, 2002*	2.00-4.50%	11,610	(1,390)	10,220	5,970	Regstrd.	Oct 1, 2012
Total General Obligation Bonds		174,555	(18,210)	156,345	57,470		
Revenue Bonds							
May 15, 2003A	2.50-5.00%	50,000	-	50,000	46,955	Regstrd.	Jun 1, 2003
Sep 15, 2003B*	2.50-5.00%	77,155	-	77,155	37,110	Regstrd.	Jun 1, 2003
Total Revenue Bonds		127,155	-	127,155	84,065		
		$301,710	$ (18,210)	283,500	$141,535		
Plus premium				8,613			
Less deferred amount on refunding				(861)			
				$ 291,252			

* Refunding Serial Issue.

EXHIBIT II-B

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF DEBT SERVICE REQUIREMENTS OUTSTANDING
AT DECEMBER 31, 2003
YEARS 2004 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Bond Retirements (Exhibit II-C)	Bond Interest (Exhibit II-D)	Total Debt Service
2004	$ 13,910	$ 13,903	$ 27,813
2005	19,305	12,739	32,044
2006	20,125	11,852	31,977
2007	24,300	11,004	35,304
2008	22,135	9,799	31,934
2009	22,945	8,709	31,654
2010	23,945	7,683	31,628
2011	9,295	6,477	15,772
2012	12,830	6,011	18,841
2013	13,465	5,436	18,901
2014	14,095	4,857	18,952
2015	14,775	4,186	18,961
2016	15,510	3,483	18,993
2017	4,240	2,738	6,978
2018	4,410	2,541	6,951
2019	4,625	2,335	6,960
2020	6,350	2,118	8,468
2021	8,165	1,818	9,983
2022	8,570	1,432	10,002
2023	8,955	1,027	9,982
2024	-	647	647
2025	-	647	647
2026	-	646	646
2027	-	646	646
2028	-	646	646
2029	11,550	646	12,196
	283,500	124,026	407,526
Plus premium	8,613	-	8,613
Less deferred amount on refunding	(861)	-	(861)
	$ 291,252	$ 124,026	$ 415,278

EXHIBIT II-C

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR BONDS OUTSTANDING AT DECEMBER 31, 2003
YEARS 2004 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Series 2003A Improvement	Series 2003B Improv/Ref	Total
2004	$ 1,185	$ 1,130	$ 1,250	-	-	$ 615	$ 2,865	$ 420	$ 100	$ 6,345	$ 13,910
2005	1,200	1,185	1,330	-	-	640	11,705	430	100	2,715	19,305
2006	-	1,245	1,400	-	-	645	9,615	440	100	6,680	20,125
2007	-	1,285	1,550	-	-	670	20,145	450	100	100	24,300
2008	-	1,415	1,700	-	-	700	17,655	465	100	100	22,135
2009	-	1,460	2,000	-	-	730	10,340	485	100	7,830	22,945
2010	6,000	1,540	2,500	1,820	-	760	-	500	100	10,725	23,945
2011	-	1,630	2,800	660	2,290	795	-	520	200	400	9,295
2012	-	-	2,900	-	2,410	830	-	540	1,000	5,150	12,830
2013	-	-	-	500	2,530	700	-	565	1,145	8,025	13,465
2014	-	-	-	-	2,665	900	-	590	1,540	8,400	14,095
2015	-	-	-	-	2,805	980	-	615	1,550	8,825	14,775
2016	-	-	-	-	-	900	-	640	2,110	11,860	15,510
2017	-	-	-	-	-	-	-	670	3,570	-	4,240
2018	-	-	-	-	-	-	-	525	3,885	-	4,410
2019	-	-	-	-	-	-	-	515	4,110	-	4,625
2020	-	-	-	-	-	-	-	190	6,160	-	6,350
2021	-	-	-	-	-	-	-	810	7,355	-	8,165
2022	-	-	-	-	-	-	-	850	7,720	-	8,570
2023	-	-	-	-	-	-	-	-	8,955	-	8,955
2024	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	11,550	-	-	-	-	-	-	11,550
	$ 8,385	$ 10,890	$ 17,430	$ 14,530	$ 12,700	$ 9,865	$ 72,325	$ 10,220	$ 50,000	$ 77,155	$283,500

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR BONDS OUTSTANDING AT DECEMBER 31, 2003
YEARS 2004 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Series 2002 Refunding	Series 2003A Improvement	Series 2003B Improv/Ref	Total
2004	$ 419	$ 564	$ 867	$ 820	$ 638	$ 419	$ 3,484	$ 367	$ 2,270	$ 4,055	$ 13,903
2005	360	508	810	820	638	395	3,370	359	2,266	3,213	12,739
2006	300	449	748	820	638	370	2,784	349	2,262	3,132	11,852
2007	300	387	683	820	639	343	2,304	338	2,258	2,932	11,004
2008	300	321	598	820	638	316	1,297	326	2,254	2,929	9,799
2009	300	248	516	820	639	288	413	311	2,250	2,924	8,709
2010	300	170	419	820	639	259	-	296	2,247	2,533	7,683
2011	-	88	292	711	638	228	-	280	2,244	1,996	6,477
2012	-	-	149	674	513	194	-	262	2,238	1,981	6,011
2013	-	-	-	674	397	159	-	243	2,188	1,775	5,436
2014	-	-	-	647	274	128	-	223	2,131	1,454	4,857
2015	-	-	-	647	140	87	-	201	2,077	1,034	4,186
2016	-	-	-	647	-	42	-	178	2,023	593	3,483
2017	-	-	-	647	-	-	-	152	1,939	-	2,738
2018	-	-	-	647	-	-	-	125	1,769	-	2,541
2019	-	-	-	647	-	-	-	104	1,584	-	2,335
2020	-	-	-	647	-	-	-	82	1,389	-	2,118
2021	-	-	-	647	-	-	-	74	1,097	-	1,818
2022	-	-	-	647	-	-	-	38	747	-	1,432
2023	-	-	-	647	-	-	-	-	380	-	1,027
2024	-	-	-	647	-	-	-	-	-	-	647
2025	-	-	-	647	-	-	-	-	-	-	647
2026	-	-	-	646	-	-	-	-	-	-	646
2027	-	-	-	646	-	-	-	-	-	-	646
2028	-	-	-	646	-	-	-	-	-	-	646
2029	-	-	-	646	-	-	-	-	-	-	646
	$ 2,279	$ 2,735	$ 5,082	$ 18,147	$ 6,431	$ 3,228	$ 13,652	$ 4,308	$ 37,613	$ 30,551	$124,026

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Dennis J. Gallagher, Auditor
and the Board of Water Commissioners
City and County of Denver, Colorado

We have audited the financial statements of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), as of and for the year ended December 31, 2003, and have issued our report thereon dated March 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the Board in a separate letter dated March 12, 2004.

707 Seventeenth Street, Suite 3200
Denver, CO 80202
T 303.813.4000
F 303.839.5711 Audit
F 303.839.5701 Tax
W www.grantthornton.com

This report is intended solely for the information and use of the Auditor of the City and County of Denver, Colorado, the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Denver, Colorado
March 12, 2004

STATISTICAL SECTION

This part of Denver Water's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Denver Water's overall financial health.

(Continued next page)

Sources *: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year or internal Denver Water operating groups.*

STATISTICAL SUMMARY: 1994 - 2003

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Financial Information[1]										
Operating Revenues	**$ 138,709**	$ 148,262	$ 151,198	$ 153,429	$ 127,655	$ 128,570	$ 121,074	$ 118,580	$ 94,952	$ 100,992
Operating Expenses	**$ 129,465**	$ 120,670	$ 110,618	$ 106,066	$ 100,719	$ 97,489	$ 93,202	$ 92,072	$ 86,742	$ 79,888
Operating Income	**$ 9,244**	$ 27,592	$ 40,580	$ 47,363	$ 26,936	$ 31,081	$ 27,872	$ 26,508	$ 8,210	$ 21,104
Income before Capital Contributions (formerly Net Income)	**$ 5,087**	$ 23,774	$ 38,257	$ 27,436	$ 21,117	$ 21,611	$ 19,198	$ 8,193	$ (6,883)	$ 3,461
Net Assets	**$ 1,192,244**	$1,133,120	$1,063,981	$ 985,132	$ 913,928	$ 855,753	$ 803,516	$ 742,818	$ 712,763	$ 693,907
Increase in Net Assets	**$ 59,124**	$ 69,139	$ 78,849	$ 71,204	$ 58,175	$ 52,237	$ 60,698	$ 30,055	$ 18,856	$ 35,735
Gross Property, Plant & Equipment	**$ 1,871,505**	$1,711,944	$1,588,496	$1,492,281	$1,408,333	$ 1,347,620	$ 1,282,062	$1,236,743	$1,209,646	$1,173,637
Net Property, Plant & Equipment (after depreciation)	**$ 1,449,915**	$1,319,641	$1,220,205	$1,144,868	$1,082,973	$ 1,042,918	$ 993,753	$ 968,496	$ 959,945	$ 941,516
Additions to Property, Plant & Equipment	**$ 164,363**	$ 128,479	$ 104,721	$ 87,493	$ 65,806	$ 73,095	$ 47,664	$ 33,178	$ 38,491	$ 35,355
Total Long-Term Debt[2]	**$ 379,478**	$ 300,695	$ 308,879	$ 289,681	$ 294,757	$ 299,773	$ 329,466	$ 334,618	$ 340,598	$ 346,806
Operating Information										
Population Served[3]	**1,081,000**	1,076,000	1,052,000	1,036,000	1,012,000	996,000	980,000	966,000	949,000	938,000
Total Treated Water Consumption in Million Gallons	**65,399.47**	75,221.18	81,054.72	83,585.25	75,232.01	77,475.48	75,363.33	76,203.96	65,267.91	76,516.08
Average Daily Consumption in Million Gallons	**179.18**	206.09	222.07	228.38	206.12	212.26	206.47	208.21	178.82	209.63
Average Daily Consumption per Capita in Gallons	**166**	192	211	220	204	213	211	216	188	223
Maximum Daily Consumption in Million Gallons	**370.05**	419.20	488.71	478.19	475.66	512.53	517.57	456.99	453.55	479.01
Maximum Hour Treated Water Use Rate (MGD)[4]	**775.23**	788.09	716.86	751.47	676.26	763.87	712.48	736.53	565.13	717.57
Treated Water Pumped in Million Gallons	**46,030.79**	51,205.33	54,161.28	47,953.92	38,149.92	33,990.21	34,179.67	39,578.30	32,115.03	40,720.24
Raw Water Storage Capacity in Acre-Feet	**561,883**	561,883	561,883	545,476	545,476	545,476	545,476	545,476	545,476	545,476
Replacement Reservoir Storage Capacity in Acre-Feet	**122,432**	122,432	122,432	96,822	96,822	96,822	96,822	96,822	96,822	96,822
Supply from South Platte River in Acre-Feet[5]	**144,982**	58,856	129,926	133,912	210,777	190,948	194,478	131,242	178,286	134,116
Supply from Blue River/Roberts Tunnel System in Acre-Feet	**164,294**	56,848	102,282	102,750	54,064	48,384	92,174	89,268	98,176	90,479
Supply from Moffat System in Acre-Feet	**84,072**	33,116	71,296	59,811	57,272	54,220	77,630	60,520	69,271	45,782
Treated Water Pumping Capacity in MGD[4]	**1,077.1**	1,070.6	1,052.5	1,052.5	1,052.5	1,027.5	1,027.5	1,027.5	1,116.8	1,116.8
Raw Water Pumping Capacity in MGD[4]	**92.2**	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment Plant Capacity in MGD[4]	**715.0**	645.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0
Treated Water Reservoir Capacity in Million Gallons	**376.65**	406.45	378.45	378.75	378.75	371.75	400.5	408.2	408.2	408.2
Supply Mains in Miles (Mountain Collection System)	**77.6**	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Supply Mains in Miles (Metropolitan Denver Area)	**40.7**	40.7	40.7	40.7	40.7	39.2	39.2	39.2	39.3	39.3
T&D Mains in Miles (Inside Denver and Total Service Contract Distributors)	**2,574.0**	2,552.0	2,508.0	2,474.0	2,449.0	2,416.0	2,486.1	2,464.0	2,442.6	2,377.6
Nonpotable T&D Mains in Miles	**23.5**	17.6	17.3	17.3	16.4	15.6	15.6	14.7	14.6	-
Total Active Taps-End of Year[3]	**299,157**	295,841	286,051	282,985	278,374	274,938	271,338	268,676	271,999	268,506
Fire Hydrants Operated & Maintained	**14,648**	14,380	14,173	13,991	13,681	13,136	13,575	13,298	13,005	12,524
Breaks in Mains - Denver	**231**	287	261	243	195	166	251	200	147	222
Service Leaks	**1,117**	1,034	794	907	663	779	591	648	548	631
Fire Hydrants Tested and Repaired	**32,407**	26,047	29,604	23,875	25,052	27,150	26,188	14,894	18,086	16,195
Total Employees (actual, not authorized)	**1,041.9**	1,036.0	1,026.0	1,005.5	1,002.6	1,001.5	988.0	987.4	992.0	1,023.0

[1]Amounts expressed in thousands.

[2]Current and long-term portions of bonds payable, certificates of participation, and obligations under capital lease, net of discounts, premiums and deferred losses on advance refundings.

[3]Population estimates based on treated water customers only. Beginning in 1996, population served and active taps exclude the City of Broomfield. Revised data through 2000 are interpolated from analysis of the 2000 Ce

[4]MGD = Million Gallons per Day.

[5]Supply includes effluent exchanges.

A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Denver Water's financial performance and well-being have changed over time.

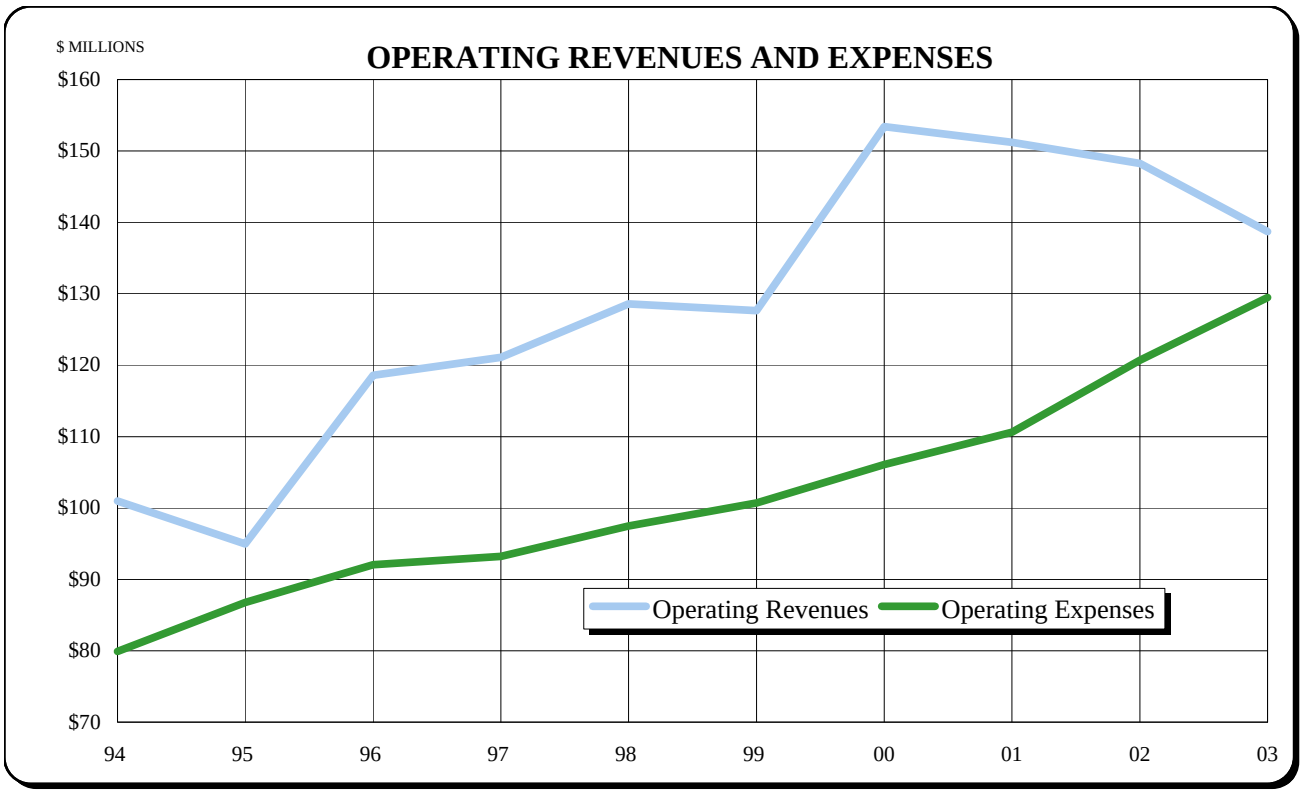
NET ASSETS BY CATEGORY: 1994 - 2003
(amounts expressed in thousands)

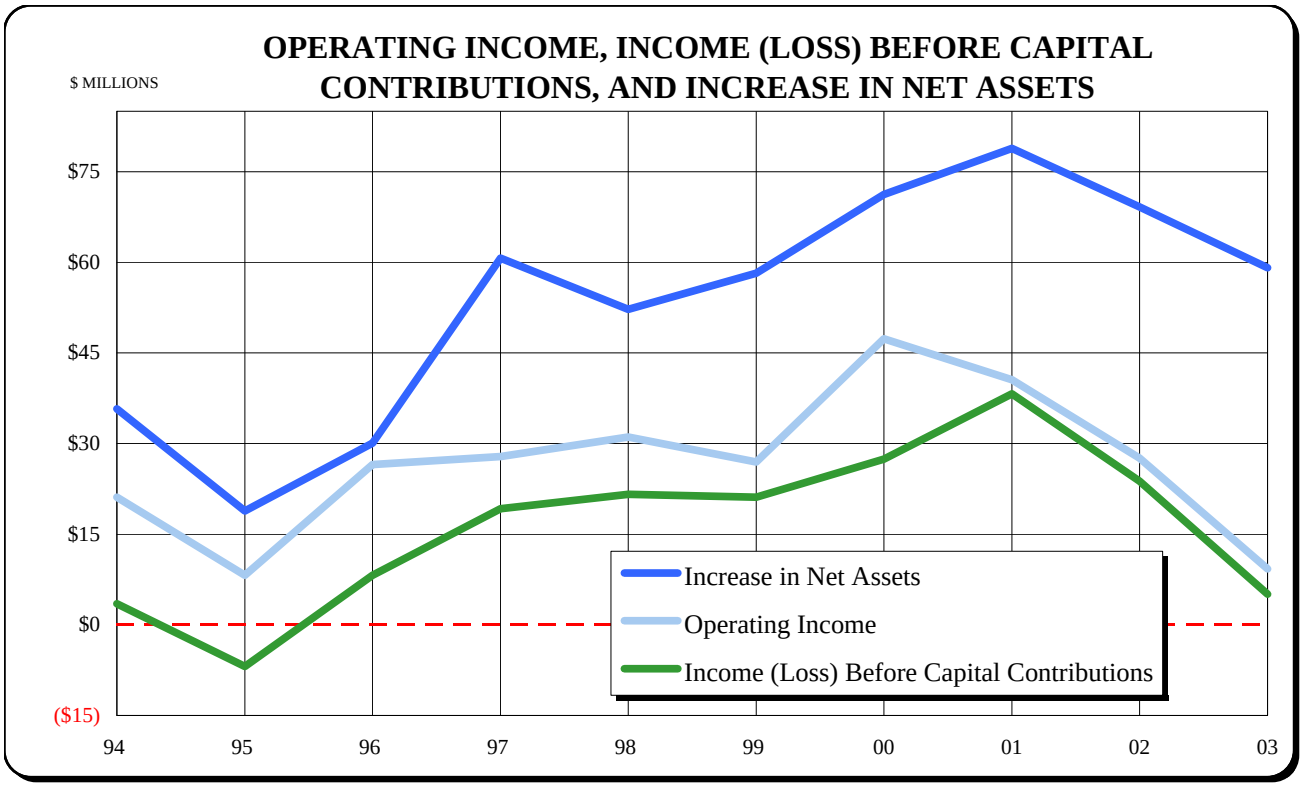
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
NET ASSETS:										
Invested in capital assets, net of related debt	1,070,437	$1,018,946	$ 911,326	$ 855,187	$ 788,216	$ 743,145	$ 664,287	$ 633,878	$ 619,347	$ 594,710
Restricted for debt service reserve funds	9,325	6,904	6,917	5,692	5,685	41,237	28,878	6,109	6,699	6,746
Unrestricted	112,482	107,270	145,738	124,253	120,027	71,371	110,351	102,831	86,717	92,451
Total net assets	$1,192,244	$1,133,120	$1,063,981	$ 985,132	$ 913,928	$ 855,753	$ 803,516	$ 742,818	$ 712,763	$ 693,907

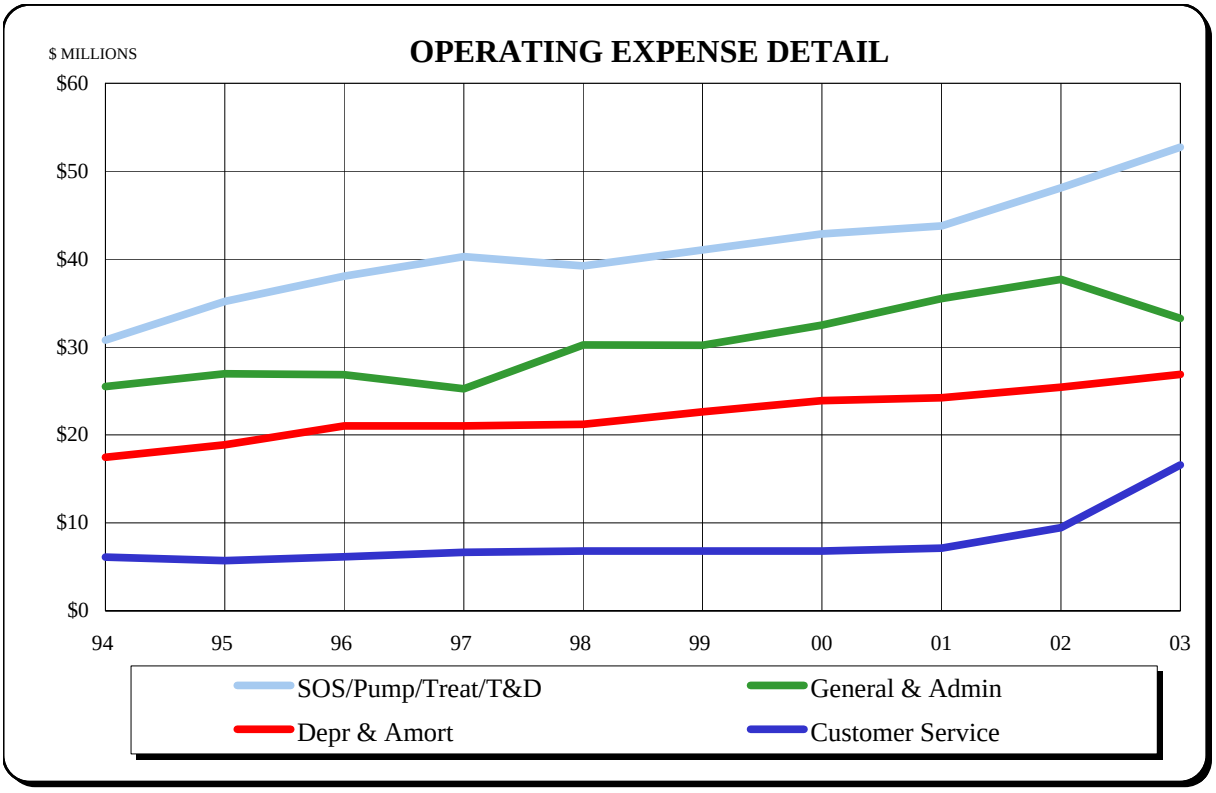
Note: Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when constraints placed on net asset use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

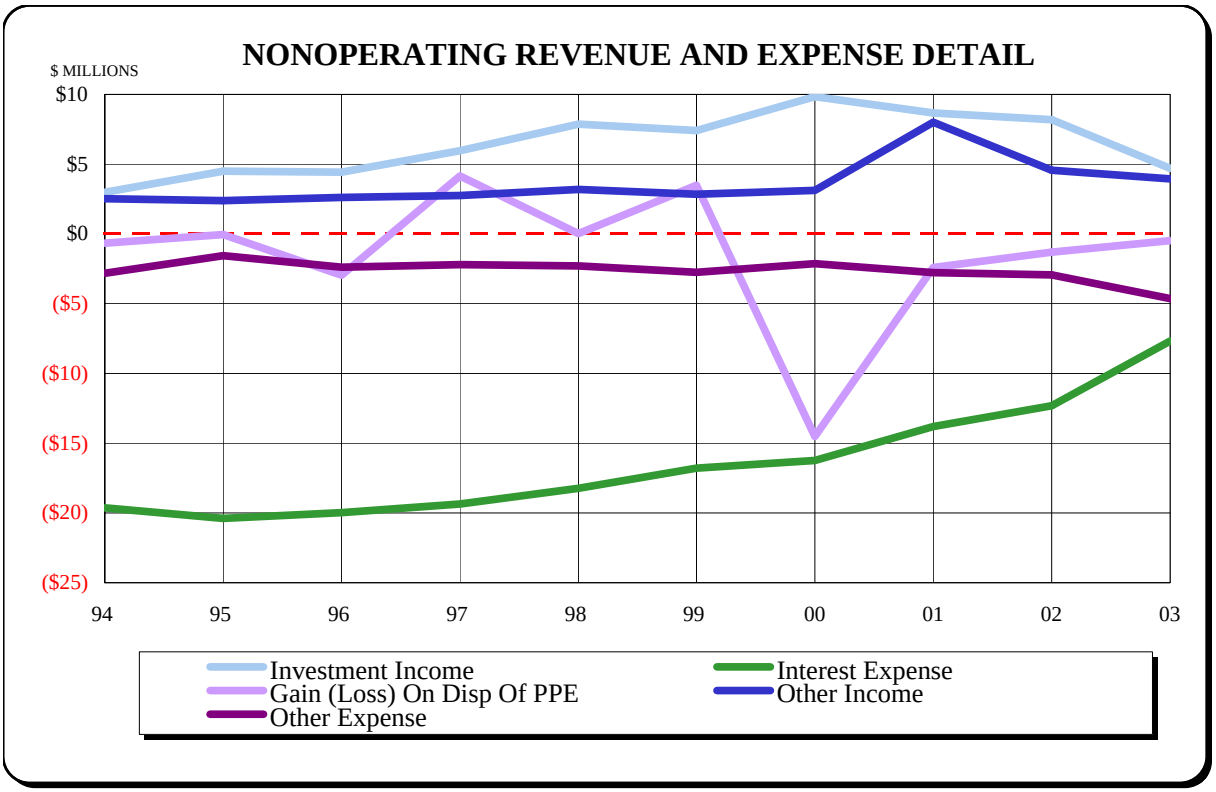
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS: 1994 - 200
(amounts expressed in thousands)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
OPERATING REVENUES:										
Water	**$ 133,475**	$ 142,887	$ 145,565	$ 148,919	$ 123,608	$ 124,810	$ 116,884	$ 114,635	$ 91,051	$ 97,920
Power generation and othe	**5,234**	5,375	5,633	4,510	4,047	3,760	4,190	3,945	3,901	3,072
Total operating revenues	**138,709**	148,262	151,198	153,429	127,655	128,570	121,074	118,580	94,952	100,992
OPERATING EXPENSES:										
Source of supply, pumping, treatment an distribution	**52,735**	48,089	43,756	42,857	41,060	39,233	40,266	38,046	35,173	30,795
General and administrative	**33,240**	37,691	35,500	32,499	30,215	30,243	25,236	26,836	26,958	25,522
Depreciation and amortizatior	**26,889**	25,431	24,247	23,912	22,627	21,211	21,047	21,047	18,890	17,447
Customer service	**16,601**	9,459	7,115	6,798	6,817	6,802	6,653	6,143	5,721	6,124
Total operating expenses	**129,465**	120,670	110,618	106,066	100,719	97,489	93,202	92,072	86,742	79,888
OPERATING INCOME	**9,244**	27,592	40,580	47,363	26,936	31,081	27,872	26,508	8,210	21,104
NONOPERATING REVENUES (EXPENSES):										
Investment income	**4,700**	8,184	8,665	9,838	7,417	7,859	5,958	4,417	4,498	2,972
Interest expense, less capitalized interes	**(7,684)**	(12,315)	(13,811)	(16,249)	(16,800)	(18,241)	(19,350)	(19,979)	(20,383)	(19,633)
Gain (loss) on disposition of capital asset	**(481)**	(1,314)	(2,410)	(14,511)	3,479	13	4,158	(2,968)	(44)	(668)
Other income	**3,949**	4,565	8,003	3,117	2,841	3,184	2,762	2,607	2,390	2,512
Other expense	**(4,641)**	(2,938)	(2,770)	(2,122)	(2,756)	(2,285)	(2,202)	(2,392)	(1,554)	(2,826)
Net nonoperating expenses	**(4,157)**	(3,818)	(2,323)	(19,927)	(5,819)	(9,470)	(8,674)	(18,315)	(15,093)	(17,643)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	**5,087**	23,774	38,257	27,436	21,117	21,611	19,198	8,193	(6,883)	3,461
CAPITAL CONTRIBUTIONS:										
Contributions in aid of constructio	**33,469**	9,690	18,172	18,511	12,837	10,985	15,015	6,740	9,601	18,660
System development charge	**20,568**	35,675	22,420	25,257	24,221	19,641	26,485	15,122	16,138	13,614
Total capital contributions	**54,037**	45,365	40,592	43,768	37,058	30,626	41,500	21,862	25,739	32,274
INCREASE IN NET ASSETS	**$ 59,124**	$ 69,139	$ 78,849	$ 71,204	$ 58,175	$ 52,237	$ 60,698	$ 30,055	$ 18,856	$ 35,735


$ MILLIONS
OPERATING REVENUES AND EXPENSES
$160
$150
$140
$130
$120
$110
$100
$90
$80
$70
94
95
96
97
98
99
00
01
02
03
Operating Revenues
Operating Expenses


$ MILLIONS
OPERATING INCOME, INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, AND INCREASE IN NET ASSETS
$75
$60
$45
$30
$15
$0
($15)
94
95
96
97
98
99
00
01
02
03
Increase in Net Assets
Operating Income
Income (Loss) Before Capital Contributions


OPERATING EXPENSE DETAIL
$ MILLIONS
$60
$50
$40
$30
$20
$10
$0
94
95
96
97
98
99
00
01
02
03
SOS/Pump/Treat/T&D
General & Admin
Depr & Amort
Customer Service


NONOPERATING REVENUE AND EXPENSE DETAIL
$ MILLIONS
$10
$5
$0
($5)
($10)
($15)
($20)
($25)
94
95
96
97
98
99
00
01
02
03
Investment Income
Interest Expense
Gain (Loss) On Disp Of PPE
Other Income
Other Expense

B - REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess Denver Water's primary revenue sources.

CUSTOMER SERVICE DATA: 1994 - 2003

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Active Taps:[1]										
Beginning of Year	**295,841**	286,051	282,985	278,374	274,938	271,338	268,676	265,820 [7]	268,506	265,233
Activated During Year	**3,510**	10,053 [6]	3,273	4,871	3,732	3,919	2,825	3,013	3,807	3,449
Discontinued During Year	**(194)**	(263)	(207)	(260)	(296)	(319)	(163)	(157)	(314)	(176)
Net Increase During Year	**3,316**	9,790	3,066	4,611	3,436	3,600	2,662	2,856	3,493	3,273
Total Active Taps - End of Year	**299,157**	295,841	286,051	282,985	278,374	274,938	271,338	268,676	271,999	268,506
Active Taps[1]										
Inside City	**152,783**	150,607	149,054	147,590	145,585	143,740	142,341	141,727	140,993	140,404
City and County	**1,076**	1,065	1,071	1,058	1,055	1,019	1,018	1,020	1,023	1,072
Read and Bill	**34,694**	34,425	36,955	36,760	36,114	35,379	34,638	33,791	32,827	32,142
Total Service	**35,502**	35,209	31,974	31,442	30,965	30,575	29,892	29,425	29,090	28,756
Master Meter	**75,102**	74,535	66,997	66,135	64,655	64,225	63,449	62,713	68,066	66,132
Total Active Taps - End of Year	**299,157**	295,841	286,051	282,985	278,374	274,938	271,338	268,676	271,999	268,506
Stub-Ins on System[2]	**3,023**	2,553	2,992	2,389	3,086	3,483	1,895	2,422	2,215	2,825
Fire Hydrant Use Permits	**473**	830	456	680	1,132	1,185	999	918	849	930
AMR (Automatic Meter Reading) Installations	**71,737**	56,499	30,359	298	-	-	-	-	-	-
Turn-Offs Due to Delinquent Accounts	**12,776**	11,586	10,293	9,045	7,920	7,992	8,650	9,317	9,329	5,907
In-Home Water Audits	**12**	60	98	1,155	1,092	1,751	1,637	1,343	1,403	1,501
Call Center Calls[3]	**302,488**	281,339	193,395	173,016	169,399	140,284	143,955	160,808	150,800	169,115
Water Quality Calls[4]										
Taste and Odor	**90**	125	78	220	148	530	91	-	-	-
Clarity	**166**	15	75	75	189	278	197	-	-	-
Hardness		1	-	1	69	70	68	-	-	-
Other	**14**	135	80	9	485	644	1,361	-	-	-
New Taps Made[5]	**4,178**	3,572	3,869	3,834	4,498	5,838	3,273	3,178	1,683	-

[1]Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

[2]Stub-Ins are a connection made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and are not considered a tap.

[3]Call Center Calls include calls offered, plus calls handled through the IVR.

[4]Customer Service started taking Water Quality Calls in 1996. Information prior to 1996 is unavailable.

[5]Customer Service Field took over the duties of the Tapping Shop (Meter Shop) in 1995. Information prior to 1995 unavailable.

[6]Increase of 6,820 taps for Master Meter accounts within Willows Water District in 2002.

[7]Broomfield Taps (6,179), removed from Master Meter counts in 1996.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 1994 - 2003
(NON-ACCRUAL BASIS)[1]
(amounts expressed in thousands)

		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS:											
Residential -	Denver	**$ 24,591,998**	$ 29,478,121	$ 29,973,238	$ 31,206,097	$ 25,721,031	$ 26,217,930	$ 24,787,546	$ 25,816,952	$ 20,905,422	$ 23,050,049
	Outside City	**10,407,779**	12,489,117	13,616,982	14,392,333	11,820,501	11,810,046	11,099,563	11,031,225	8,742,477	10,033,138
	Total Service	**13,466,257**	15,849,049	14,562,075	14,958,586	12,293,114	12,571,560	11,737,956	12,043,827	9,758,180	11,620,119
Small multi-family	Denver	**2,342,691**	2,683,574	2,813,072	2,853,865	2,491,267	2,514,085	2,387,118	2,462,610	1,079,762	867,454
	Outside City	**171,801**	187,282	205,431	201,771	165,608	155,309	129,066	97,246	34,750	35,423
	Total Service	**287,338**	285,525	307,981	309,703	260,347	236,078	183,416	153,297	47,266	43,066
Commercial -	Denver	**19,467,138**	21,156,722	22,104,138	21,874,352	19,357,804	19,124,697	16,938,925	15,212,088	12,735,768	11,915,686
	Outside City	**4,718,281**	5,594,571	6,897,085	6,833,019	5,935,854	5,929,378	5,221,108	4,395,500	3,181,243	3,629,830
	Total Service	**5,140,036**	5,394,223	4,916,979	5,023,151	4,492,691	4,513,938	4,153,338	3,809,024	3,160,685	3,330,880
Industrial -	Denver	**1,449,698**	1,619,658	1,647,207	1,780,616	1,568,428	1,542,259	1,413,410	1,350,286	1,037,221	821,621
	Outside City	**1,579,615**	1,500,419	1,518,244	1,528,719	1,439,154	1,447,122	1,300,964	1,110,906	943,876	888,128
	Total Service	**115,709**	140,386	201,048	227,734	192,386	193,738	184,980	167,681	101,685	125,233
		83,738,341	96,378,647	98,763,480	101,189,946	85,738,185	86,256,140	79,537,390	77,650,642	61,728,335	66,360,627
B. PRIVATE FIRE PROTECTION SERVICE											
Sprinklers -	Denver	**644,949**	596,359	582,947	574,872	558,584	543,765	441,340	408,756	263,978	213,183
	Outside City	**36,611**	36,580	41,162	37,805	35,301	30,752	31,386	22,765	19,678	16,712
	Total Service	**49,317**	38,758	30,831	29,667	28,787	26,636	28,124	22,906	21,382	17,950
		730,877	671,697	654,940	642,344	622,672	601,153	500,850	454,427	305,038	247,845
C. SALES TO PUBLIC AUTHORITIES											
City & County of Denve		**2,208,368**	2,820,502	3,698,215	3,770,708	2,992,239	2,918,542	3,048,469	3,634,796	2,092,559	2,284,952
Other County Agencies -	Denver	**497,082**	642,378	781,712	764,915	583,937	577,660	484,297	484,576	316,458	357,190
	Outside City	**319,999**	329,215	402,592	467,458	439,039	335,866	289,475	283,958	195,499	280,205
	Total Service	**583,161**	642,713	704,127	738,246	618,795	675,854	542,674	559,597	405,802	507,469
State Agencies -	Denver	**351,249**	347,615	298,329	476,313	295,397	287,694	246,687	229,565	184,788	176,126
	Outside City	**5,230**	6,904	8,347	7,758	8,114	6,782	6,189	6,469	5,037	6,046
	Total Service	**3,039**	3,649	14,026	15,730	11,724	18,061	10,473	11,112	8,722	10,137
Federal Agencies -	Denver	**254,564**	281,492	380,422	280,422	324,957	341,170	469,658	533,457	420,482	292,873
	Outside City at Denver Rate	**6,382**	11,090	13,049	20,270	205,670	361,114	284,425	358,105	287,236	257,473
	Outside City	**255,645**	321,690	402,590	351,910	318,390	317,890	273,743	239,257	234,105	235,762
	Total Service	**1,168**	1,148	1,352	2,010	1,046	1,194	1,053	967	993	1,071
		4,485,887	5,408,396	6,704,761	6,895,740	5,799,308	5,841,827	5,657,143	6,341,859	4,151,681	4,409,304
D. SALES OF TREATED WATER FOR RESALE		**$ 30,984,592**	32,718,696	34,153,280	33,834,278	27,629,990	27,499,365	26,474,222	26,008,965	21,018,611	21,850,479
E. HYDRANT & CONSTRUCTION WATER FEES		**853,249**	878,856	1,247,334	1,034,272	412,724	293,572	106,621	75,950	66,068	80,882
TOTAL SALES OF TREATED WATER		**120,792,946**	136,056,292	141,523,795	143,596,580	120,202,879	120,492,057	112,276,226	110,531,843	87,269,733	92,949,137
SALES OF NON-POTABLE WATER		**6,150,187**	5,921,473	4,086,844	5,455,999	3,711,640	4,138,073	3,528,883	3,369,130	2,954,198	2,946,265
TOTAL SALES OF WATER		**$126,943,133**	$ 141,977,765	$ 145,610,639	$ 149,052,579	$ 123,914,519	$ 124,630,130	$ 115,805,109	$ 113,900,973	$ 90,223,931	$ 95,895,402

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this shedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Assets. The difference from amounts on an accrual basis is immater

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 1994 - 200
(amounts expressed in millions of gallons)

SALES OF TREATED WATER		**2003**	2002	2001	2000	1999	1998	1997	1996	1995	1994
A. METERED GENERAL CUSTOMERS:											
Residential -	Denver	**12,768.8**	15,773.2	16,576.6	17,809.4	15,280.5	15,674.1	15,322.5	16,750.3	13,942.2	17,782.4
	Outside City	**4,440.3**	5,487.9	6,158.5	6,679.1	5,749.4	5,860.7	5,630.2	5,937.4	4,766.4	5,625.9
	Total Service	**4,696.1**	5,650.2	5,329.7	5,646.4	4,872.7	4,970.2	4,720.1	5,178.2	4,196.2	5,076.8
Small multi-family-	Denver	**1,469.0**	1,746.9	1,868.6	1,975.7	1,779.9	1,786.6	1,757.1	1,839.3	779.1	699.2
	Outside City	**84.2**	94.4	103.2	102.5	89.7	83.7	68.3	56.2	19.8	18.5
	Total Service	**121.2**	124.8	136.8	138.1	122.0	109.7	84.8	75.2	21.3	19.7
Commercial -	Denver	**12,721.7**	13,949.0	15,123.5	15,538.5	14,531.6	14,379.1	14,179.3	14,062.2	13,615.4	14,545.1
	Outside City	**2,454.9**	2,959.6	3,763.4	3,753.8	3,273.5	3,255.5	3,132.9	3,062.8	2,439.2	2,716.5
	Total Service	**2,318.9**	2,440.2	2,289.0	2,325.9	2,092.7	2,097.1	2,045.4	2,134.3	1,827.5	1,992.7
Industrial -	Denver	**966.2**	1,114.4	1,153.7	1,308.9	1,212.1	1,180.8	1,207.8	1,277.3	1,173.2	1,106.7
	Outside City	**837.6**	824.2	852.2	868.8	819.6	803.8	793.0	787.5	759.2	721.8
	Total Service	**52.7**	65.5	94.9	107.0	91.3	91.2	92.0	95.2	59.4	78.9
		42,931.6	50,230.4	53,450.2	56,253.9	49,915.0	50,292.5	49,033.5	51,256.0	43,598.8	50,384.3
B. PRIVATE FIRE PROTECTION SERVICE											
C. SALES TO PUBLIC AUTHORITIES:											
City & County of Denver		**1,930.8**	2,562.2	3,166.7	3,289.9	2,696.2	2,835.4	3,063.3	3,763.4	2,580.8	3,620.7
Other County Agencies -	Denver	**323.4**	426.2	522.5	526.1	429.1	440.7	413.2	456.8	340.3	430.2
	Outside City	**169.1**	175.3	220.1	256.9	244.5	185.7	175.6	200.4	153.7	219.9
	Total Service	**272.1**	305.0	325.8	336.5	285.3	317.2	269.6	318.1	238.0	311.4
State Agencies -	Denver	**232.2**	235.0	197.4	344.1	222.5	220.0	211.1	216.6	204.8	227.8
	Outside City	**2.7**	3.6	4.5	4.3	4.5	3.8	3.8	4.6	4.0	4.7
	Total Service	**1.4**	1.7	6.5	7.1	5.4	8.4	5.2	6.3	5.1	6.2
Federal Agencies -	Denver	**169.3**	177.5	259.7	183.8	254.9	261.6	393.5	507.5	475.6	390.0
	Outside City at Denver Rates	**12.0**	6.8	9.2	14.4	165.6	277.6	242.5	340.8	330.4	355.0
	Outside City	**133.6**	172.1	221.2	194.4	176.7	176.4	166.7	169.5	186.4	188.8
	Total Service	**0.5**	0.5	0.6	0.9	0.5	0.5	0.5	0.5	0.6	0.5
		3,247.0	4,066.0	4,934.2	5,158.3	4,485.1	4,727.4	4,945.0	5,984.3	4,519.8	5,755.2
D. SALES OF TREATED WATER FOR RESALE		**16,694.3**	17,924.0	18,868.7	19,569.3	16,690.0	16,666.0	16,051.2	16,529.7	14,266.2	15,552.3
E. HYDRANT & CONSTRUCTION WATER FEES		**135.7**	134.4	265.3	202.4	127.9	100.6	22.1	19.7	16.5	26.4
Temporary lease with Willows Water		-	-	-	-	-	-	-	66.6	123.4	84.9
TOTAL SALES OF TREATED WATER		**63,008.6**	72,354.7	77,518.4	81,184.0	71,218.1	71,786.6	70,051.8	73,856.4	62,524.8	71,803.1
Reconciliation to Consumption and Treated Water Delivered:											
Add unaccounted for treated water		**1,755.4**	2,606.0	3,536.3	2,401.3	4,013.9	5,688.9	5,311.5	2,347.5	2,743.2	4,713.0
Add load shifted treated water		**635.5**	260.6	-	-	-	-	-	-	-	-
Total Treated Water Consumptio		**65,399.5**	**75,221.2**	**81,054.7**	**83,585.3**	**75,232.0**	**77,475.5**	**75,363.3**	**76,204.0**	**65,267.9**	**76,516.1**
Less water purchased		-	-	(3.3)	-	-	(8.8)	-	-	-	-
Total Treated Water Delivered		**65,399.5**	**75,221.2**	**81,051.4**	**83,585.3**	**75,232.0**	**77,466.7**	**75,363.3**	**76,204.0**	**65,267.9**	**76,516.1**

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2003
(NON-ACCRUAL BASIS)[1]

		Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Denver	$24,591,998	12,768,789	125,283	$ 1.9259
	Outside City	10,407,779	4,440,254	31,503	2.3440
	Total Service	13,466,257	4,696,076	31,597	2.8676
Small multi-family-	Denver	2,342,691	1,468,994	8,591	1.5948
	Outside City	171,801	84,231	348	2.0396
	Total Service	287,338	121,218	505	2.3704
Commercial -	Denver	19,467,138	12,721,738	14,841	1.5302
	Outside City	4,718,281	2,454,933	2,471	1.9220
	Total Service	5,140,036	2,318,860	2,929	2.2166
Industrial -	Denver	1,449,698	966,217	232	1.5004
	Outside City	1,579,615	837,590	8	1.8859
	Total Service	115,709	52,650	10	2.1977
		83,738,341	42,931,550	218,318	1.9505
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Denver	644,949	- [2]		
	Outside City	36,611	- [2]		
	Total Service	49,317	- [2]		
		730,877	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver		2,208,368	1,930,823	1,053	1.1437
Other County Agencies -	Denver	497,082	323,413	180	1.5370
	Outside City	319,999	169,059	54	1.8928
	Total Service	583,161	272,066	116	2.1435
State Agencies -	Denver	351,249	232,196	61	1.5127
	Outside City	5,230	2,728	2	1.9172
	Total Service	3,039	1,362	3	2.2313
Federal Agencies -	Denver	254,564	169,343	26	1.5032
	Outside City at Denver Rates	6,382	11,955	1	0.5338
	Outside City	255,645	133,556	6	1.9141
	Total Service	1,168	516	2	2.2636
		$ 4,485,887	3,247,017	1,504	$ 1.3815

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 2003
(NON-ACCRUAL BASIS)

	Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE[1]	$ 30,984,592	16,694,326	75,102	$ 1.8560
E. HYDRANT & CONSTRUCTION WATER FEES	853,249	135,700	-	6.2878
TOTAL SALES OF TREATED WATER[2]	120,792,946	63,008,593	294,924	1.9171
II. SALES OF NON-POTABLE WATER[3]	6,150,187	12,614,793	26	0.4875
TOTAL SALES OF WATER	126,943,133	75,623,386	294,950	$ 1.6786
III. OTHER NON-POTABLE WATER DELIVERIES[3]		412,424		
TOTAL CONSUMPTION		76,035,810		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE				
Foothills Treatment Plant	165,242			
Strontia Springs	233,161			
Dillon Dam	317,007			
Roberts Tunnel	471,667			
Hillcrest	174,768			
Williams Fork	40,069			
	1,401,914			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	1,528,137			
Conservation Penalties	96,883			
Field Collection Charges	927,257			
Turnoff - Turn on Charges	350,560			
Drought Surcharges	9,155,172			
Water Storage Rental	-			
Other Assessments	-			
Total	12,058,009			
TOTAL OTHER OPERATING REVENUE	13,459,923			
TOTAL OPERATING REVENUE	$ 140,403,056			

[1]See "Analysis of Sales of Treated Water for Resale."

[2]See "Analysis of Sales of Treated Water Between Denver and Outside City."

[3]See "Analysis of Sales of Non-Potable Water Between Denver and Outside City."

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2003 (NON-ACCRUAL BASIS)[1]

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
I. DENVER					
A. METERED GENERAL CUSTOMERS					
Residential	$24,591,998	20.36%	12,768,789	20.27%	125,283
Small multi-family	2,342,691	1.94%	1,468,994	2.33%	8,591
Commercial	19,467,138	16.12%	12,721,738	20.19%	14,841
Industrial	1,449,698	1.20%	966,217	1.53%	232
	47,851,525	39.62%	27,925,738	44.32%	148,947
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	644,949	0.53%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver	2,208,368	1.83%	1,930,823	3.06%	1,053
Other County Agencies	497,082	0.41%	323,413	0.51%	180
State Agencies	351,249	0.29%	232,196	0.37%	61
Federal Agencies	254,564	0.21%	169,343	0.27%	26
	3,311,263	2.74%	2,655,775	4.21%	1,320
TOTAL SALES OF TREATED WATER - DENVER	51,807,737	42.89%	30,581,513	48.53%	150,267
Revenue per 1,000 Gallons - Denver			$1.6941		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	10,407,779	8.62%	4,440,254	7.05%	31,503
Small multi-family	171,801	0.14%	84,231	0.13%	348
Commercial	4,718,281	3.91%	2,454,933	3.90%	2,471
Industrial	1,579,615	1.31%	837,590	1.33%	8
Residential - Total Service	13,466,257	11.15%	4,696,076	7.45%	31,597
Small multi-family - Total Service	287,338	0.24%	121,218	0.19%	505
Commercial - Total Service	5,140,036	4.26%	2,318,860	3.68%	2,929
Industrial - Total Service	115,709	0.10%	52,650	0.08%	10
	$35,886,816	29.73%	15,005,812	23.81%	69,371

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

[2]Consumption is considered as part of unaccounted-for treated water.

(Continued next page)

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2003
(NON-ACCRUAL BASIS) (Continued)

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	$ 36,611	0.03%	- [1]		
Sprinklers - Total Service	49,317	0.04%	- [1]		
	85,928	0.07%	- [1]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies	319,999	0.26%	169,059	0.27%	54
State Agencies	5,230	-	2,728	-	2
Federal Agencies	255,645	0.21%	133,556	0.21%	6
Federal Agencies at Denver Rates	6,382	0.01%	11,955	0.02%	1
County Agencies - Total Service	583,161	0.48%	272,066	0.43%	116
State Agencies - Total Service	3,039	-	1,362	-	3
Federal Agencies - Total Service	1,168	-	516	-	2
	1,174,624	0.96%	591,242	0.93%	184
D. SALES OF TREATED WATER FOR RESALE [2]	30,984,592	25.65%	16,694,326	26.49%	75,102
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	68,131,960	56.40%	32,291,380	51.25%	144,657
Revenue per 1,000 Gallons - Outside City			$2.1099		
III. HYDRANT & CONSTRUCTION WATER FEES	853,249	0.71%	135,700	0.22%	-
TOTAL SALES OF TREATED WATER	$ 120,792,946	100.00%	63,008,593	100.00%	294,924
Revenue per 1,000 Gallons - Total			$1.9171		
UNACCOUNTED FOR WATER					
Total Treated Water Delivered			65,399,470		
Water Purchased			-		
Total Treated Water Available (Consumption)			65,399,470	100.00%	
Less Sales of Treated Water			(63,008,593)	(96.34%)	
Less Load Shifted Treated Water			(635,451)	(0.97%)	
Unaccounted for [3]			1,755,426	2.68%	

[1] Consumption is considered as part of unaccounted-for treated water.

[2] See "Analysis of Sales of Treated Water For Resale."

[3] Includes meter slippage, main and service line leakage, public and private fire protection, and other system losses.

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER - 2003[1]

		Total Accounts (Active Taps)[2]			On Accounts	
		12-31-03	12-31-02	Increase (Decrease)	12-31-03	12-31-02
METERED GENERAL CUSTOMERS						
Residential -	Denver	127,496	125,875	1,621	126,148	124,747
	Outside City	31,726	31,519	207	31,657	31,461
	Total Service	31,821	31,626	195	31,715	31,535
Small multi-family -	Denver	8,830	8,516	314	8,721	8,421
	Outside City	357	344	13	355	342
	Total Service	524	487	37	523	485
Commercial -	Denver	15,749	15,504	245	14,966	14,775
	Outside City	2,537	2,488	49	2,505	2,460
	Total Service	3,017	2,956	61	2,955	2,903
Industrial -	Denver	270	271	(1)	236	236
	Outside City	7	7	-	7	7
	Total Service	10	10	-	10	10
TOTAL METERED GENERAL CUSTOMERS		222,344	219,603	2,741	219,798	217,382
PUBLIC AUTHORITIES						
City & County of Denver		1,215	1,209	6	1,067	1,059
Other County Agencies -	Denver	186	183	3	177	177
	Outside City	55	55	-	54	54
	Total Service	121	121	-	116	116
State Agencies -	Denver	64	65	(1)	61	61
	Outside City	2	2	-	2	2
	Total Service	7	7	-	3	3
Federal Agencies -	Denver	49	49	-	29	35
	Outside City	10	10	-	9	9
	Total Service	2	2	-	2	2
TOTAL PUBLIC AUTHORITIES		1,711	1,703	8	1,520	1,518
RESALE ACCOUNTS (MASTER METER)[3]		75,102	74,535	567	75,102	74,535
TOTAL TREATED WATER CUSTOMERS		299,157	295,841	3,316	296,420	293,435

[1] Represents number of metered services at year-end. For average number of customers billed during the calendar year, see "Operating Revenue and Related Water Consumption."

[2] Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

[3] See "Analysis of Sales of Treated Water for Resale."

ANALYSIS OF SALES OF TREATED WATER FOR RESALE - 2003
(NON-ACCRUAL BASIS)[1]

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters[2]

	Revenue	Consumption (000 Gallons)	Estimated Number of Taps[3]
Alameda Water & Sanitation District	$ 151,106	79,950	358
Bancroft-Clover Water & Sanitation District	2,783,677	1,748,193	8,445
Bonvue Water & Sanitation District	35,060	18,550	166
Bow-Mar Water & Sanitation District	151,603	80,213	282
Cherry Creek Valley Water & Sanitation District	1,399,350	740,397	1,695
Cherry Creek Village Water & Sanitation District	265,246	137,425	472
Consolidated Mutual Water Company	5,080,297	2,712,579	14,704
Crestview Water & Sanitation District	1,248,460	660,561	4,494
City of Edgewater	311,567	164,850	1,483
City of Glendale	553,061	292,625	272
Green Mountain Water & Sanitation District	3,423,809	1,811,539	10,007
High View Water District	293,955	155,532	869
Ken-Caryl Water & Sanitation District	1,495,221	790,861	3,629
Lakehurst Water & Sanitation District	1,576,037	833,882	5,116
City of Lakewood	465,333	246,208	885
Meadowbrook Water & Sanitation District	340,002	179,895	1,208
North Pecos Water & Sanitation District	261,138	138,168	396
North Washington Street Water & Sanitation District	1,696,232	897,908	3,600
Northgate Water District	11,875	6,283	2
South Adams County Water & Sanitation District	139,250	73,677	159
Valley Water District	892,148	472,031	1,570
Wheat Ridge Water District	1,629,055	865,110	5,539
Willowbrook Water & Sanitation District	805,575	426,230	2,889
Willows Water District	1,034,822	547,525	6,862
Total Sales for Master Meter Distributors	26,043,878	14,080,192	75,102
City of Aurora	69,662	36,858	
City and County of Broomfield	2,118,577	1,120,940	
City of Thornton	1,887,770	998,820	
Chatfield South Water District	11,654	6,166	
Inverness Water District	50,208	26,565	
South Adams County Special Contract Area	802,843	424,785	
Total Sales for Other Contracts at Wholesale Rates	4,940,714	2,614,134	
Total Sales of Treated Water for Resale	$30,984,592	16,694,326	75,102

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

[2]Sales on Total Service or Read and Bill Contracts are not included.

[3]Estimated number of taps served behind Master Meters is based on survey analysis.

WATER RATE SCHEDULES - 2003

	Rate Per 1,000 Gallons		
	City of Denver Schedule 1	Outside City Total Service Schedule 2	Outside City Read and Bill Schedule 3
	(Effective for bills dated on or after Jan. 1, 2003)		
CONSUMPTION CHARGE (Bimonthly)			
Residential Customers:			
First 22,000 Gallons	$ 1.58	$ 2.41	$ 1.97
Next 38,000 Gallons	1.90	2.89	2.36
All Over	2.37	3.62	2.96
Small Multi-Family:			
(Duplexes through five-plexes with a single meter)			
First 30,000 gallons[1]	1.39	2.14	1.83
Over 30,000 gallons	1.67	2.57	2.20
All Other Retail Customers:			
Winter	1.36	1.96	1.70
Summer	1.63	2.35	2.04
SERVICE CHARGE			
Monthly	$ 3.09	$ 3.09	$ 3.09
Bimonthly	4.43	4.43	4.43
PRIVATE FIRE PROTECTION SERVICE CHARGES (Bimonthly)			
Fire Hydrants	$ 27.43	$ 15.03	$ 11.25
Sprinkler Systems and Standpipes:			
(Size of Connection)			
1"	7.45	4.08	3.06
2"	12.42	6.81	5.10
4"	19.20	10.52	7.88
6"	27.43	15.03	11.25
8"	48.00	26.30	19.69
10"	68.57	37.57	28.13
12"	109.71	60.11	45.01
16"	274.28	150.28	112.52

OUTSIDE CITY WHOLESALE RATE - Schedule 4	Rate per 1,000 gallons
Consumption Charge - all consumption	$ 1.89
Master Meter Maintenance	2.56
Service Charge - Not applicable for this rate schedule	

Applicability

Schedule 1: All licensees with metered service having the right to take and use water inside the territorial limits of t City and County of Denver.

Schedule 2: All licensees outside the territorial limits of the City and County of Denver who receive water service from t Board of Water Commissioners under agreements whereby the Board operates and maintains all of the systems used to supply the licensee in a manner to provide complete and total service similar to that furnished inside Denver.

Schedule 3: All licensees outside the territorial limits of the City and County of Denver who receive water service from t Board of Water Commissioners under agreements whereby the licensee in some manner operates and maintains portions of the system used to supply the licensee and the Board is responsible for billing each licensee on an individual basis.

Schedule 4: Municipalities, quasi-municipal districts and water companies outside the territorial limits of the City and Cou of Denver who receive water service from the Board of Water Commissioners under agreements whereby the municipalities, quasi-municipalities, and water companies operate and maintain water distribution systems to supply individual licensees. The Board bills only the distributor for water delivered through large "Master Meters" and the distributor establishes the rates for and bills the individual licensees.

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling un

(Continued next page)

	Raw Water Service	
	Denver	Outside City
RAW WATER SERVICE RATE - Schedule 5		
Consumption Charge per 1,000 gallons - all consumption	$ 0.47	$ 0.49
Consumption Charge per Acre Foot - all consumption	153.15	159.67
Service Charge - Not applicable for this rate schedule		

SYSTEM DEVELOPMENT CHARGES (Effective September 19, 2000)

	Treated Water Service	
Single Family Residential Taps[1]	Denver	Outside City
Base charge per residence	$ 1,200	$ 1,675
Charge per square foot of gross lot size	$ 0.29	$ 0.40
Multifamily Residential Taps[2]		
Base charge for duplex or first two household units (Served through a single tap)	$ 4,650	$ 6,520
Charge for each additional household unit above two units (Served through a single tap)	$ 970	$ 1,360

All Other Taps[3]	Treated Water Service		Raw Water Service	
Connection Size	Denver	Outside City	Denver	Outside City
3/4"	$ 3,425	$ 4,800	$ 1,925	$ 2,700
1"	10,275	14,400	5,775	8,100
1-1/2"	20,550	28,800	15,400	21,600
2"	30,825	43,200	25,025	35,100
3"	75,350	105,600	42,350	59,400
4"	133,575	187,200	63,525	89,100
6"	232,900	326,400	130,900	183,600
8"	308,250	432,000	169,400	237,600
10"	393,875	552,000	217,525	305,100
12"	479,500	672,000	309,925	434,700

	Treated Water Service		Raw Water Service	
Acre Foot Conversion ($/AF)	Denver	Outside City	Denver	Outside City
Inside Combined Service Area	$ 7,475	$ 10,425	$ 4,200	$ 5,870
Outside Combined Service Area		10,900		5,870

Applicability

[1]Licenses for 3/4 inch single family residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

[2]Licenses for multifamily residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

[3]Licenses for all other taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

The System Development Charge applies to any applicant for a license to take water through the Denver system or a system deriving its supply from Denver. This charge is assessed upon application for a new tap and is due and payable prior to the issuance of a license to the customer.

WINTER SURCHARGE SCHEDULE[1]
(Effective for bills dated on or after November 1, 2002 through May 31, 2003)

Residential Customers:	Surcharge per 1,000 gallons
0-7,000 Gallons	No Surcharge
8,000-22,000 Gallons	$ 0.25
23,000-60,000 Gallons	0.50
Over 60,000 Gallons	0.75

Small Multi-Family:	Threshold Amounts (Thousands of Gallons)			
	Duplex	3-Plex	4-Plex	5-Plex
No surcharge	0-12	0-17	0-22	0-27
$0.25	13-30	18-42	23-54	28-66
$0.50	31-80	43-103	55-136	67-200
$0.75	Over 80	Over 103	Over 136	Over 200

All Other Retail Customers[2]:	
70% of 2001 Consumption	No Surcharge
71-100% of 2001 Cons.	$ 0.50
Over 100% of 2001 Cons.	0.75

Outside City Wholesale:	
70% of 2001 Consumption	No Surcharge
Over 100% of 2001 Cons.	$ 0.50

Non Potable Customers:	
70% of 2001 Consumption	No Surcharge
Over 100% of 2001 Cons.	$ 0.15

Irrigation Only:	Surcharge per 1,000 gallons
All Consumption	$0.75

New Taps
A surcharge of 20% of the System Development Charge will be added to new taps fees.

[1]Surcharges were in addition to consumption charges.

[2]The "All Other" class includes: Commercial, Industrial, Government, and Multifamily buildings over 5 units.

SUMMER SURCHARGE SCHEDULE[1]

(Effective for bills dated on or after June 1, 2003 through July 31, 2003)[2]

Residential Customers	Threshold Amounts (Thousands of Gallons)				
	Single Family	Duplex	3-Plex	4-Plex	5-Plex
No surcharge	0-18	0-23	0-28	0-33	0-39
$0.80	19-22	24-30	29-42	34-54	39-66
$1.39	23-28	31-36	43-48	55-60	67-72
$2.05	29-34	37-42	49-54	61-66	73-78
$3.00	35-40	43-48	55-60	67-72	79-84
$4.41	41-46	49-54	61-66	73-78	85-90
$6.47	47-52	55-60	67-72	79-84	91-96
$9.50	53-60	61-80	73-103	85-136	97-200
$11.85	Over 60	Over 80	Over 103	Over 136	Over 200

All Other Retail Customers[3]:

70% of 2001 Consumption	No Surcharge
71-100% of 2001 Cons.	$ 3.00
Over 100% of 2001 Cons.	6.47

Outside City Wholesale:

70% of 2001 Consumption	No Surcharge
Over 100% of 2001 Cons.	$ 3.00

Non Potable Customers:

70% of 2001 Consumption	No Surcharge
Over 100% of 2001 Cons.	$ 0.78

Irrigation Only[4]:

50% of 2001 Consumption	No Surcharge
51%-70% of 2001 Consumption	$ 3.00
71%-100% of 2001 Consumption	$ 4.41
Over 100% of 2001 Consumption	$ 6.47

New Taps

A surcharge of 20% of the System Development Charge was added to new taps fees effective September 18, 2002. They ended June 26, 2003.

[1]Surcharges are in addition to consumption charges.

[2]Summer Surcharges were prorated after June 30, 2003, when reservoirs reached 80% full. They ended on July 31, 2003.

[3]The "All Other" class includes: Commercial, Industrial, Government, and Multifamily buildings over five units.

[4]High Public Use customers were given a target of 80% before a surcharge was applied. High Public Use customers included Parks, Schools, etc.

TREATED WATER RATES: 1994 - 2003
Consumption Charge (Bimonthly)
Rate Per 1,000 Gallons

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
City of Denver - Schedule 1										
Residential Customers										
First 22,000 Gallons	**$1.58**	$1.53	$1.48	$1.43	$1.36	$1.36	$1.30	$1.25	$ 1.08	$ 1.00
Over 22,000 Gallons (through 1998)						1.63	1.56	1.50	1.29	1.20
Over 22,000 through 38,000 Gallons (starting 1999)	**1.90**	1.84	1.78	1.72	1.63	0.0	-	-	-	-
Over 38,000 (starting 1999)	**2.37**	2.30	2.22	2.15	2.09	-	-	-	-	-
Small Multi-Family:										
(Duplexes through five-plexes with a single meter										
First 30,000 gallons[1]	**1.39**	1.34	1.31	1.26	1.21	1.21	1.16	1.15	1.08	1.00
Over 30,000 gallons	**1.67**	1.61	1.57	1.51	1.45	1.45	1.39	1.38	1.29	1.20
All Other Retail Customers										
Winter (starting 1999)	**1.36**	1.32	1.28	1.24	1.17	-	-	-	-	-
Summer (starting 1999)	**1.63**	1.58	1.54	1.49	1.40	-	-	-	-	-
All Consumption (through 1998)	-	-	-	-	-	1.30	1.16	1.05	0.86	.80/.75[4]
Service Charge:										
Monthly	**3.09**	3.09	3.16	3.21	3.34	3.63	3.81	3.62	Varies[2]	Varies[2]
Bimonthly	**4.43**	4.43	4.50	4.52	4.69	4.98	5.18	4.92	Varies[2]	Varies[2]
Outside City Total Service - Schedule 2										
Residential Customers										
First 22,000 Gallons	**2.41**	2.33	2.26	2.19	2.11	2.17	2.13	1.56	1.91	1.90
Over 22,000 Gallons (through 1998)	-	-	-	-	-	2.60	2.56	1.87	2.28	2.28
Over 22,000 through 38,000 Gallons (starting 1999)	**2.89**	2.80	2.71	2.63	2.54	-	-	-	-	-
Over 38,000 (starting 1999)	**3.62**	3.50	3.39	3.29	3.09	-	-	-	-	-
Small Multi-Family:										
(Duplexes through five-plexes with a single meter										
First 30,000 gallons[1]	**2.14**	2.06	2.01	2.01	1.90	1.90	1.90	1.51	1.91	1.90
Over 30,000 gallons	**2.57**	2.47	2.41	2.41	2.28	2.28	2.28	1.81	2.28	2.28
All Other Retail Customers										
Winter (starting 1999)	**1.96**	1.89	1.88	1.88	1.88	-	-	-	-	-
Summer (starting 1999)	**2.35**	2.27	2.26	2.26	2.26	-	-	-	-	-
All Consumption (through 1998)	-	-	-	-	-	2.12	2.00	1.41	1.66	1.63/1.53[4]
Service Charge:										
Monthly	**3.09**	3.09	3.16	3.21	3.34	3.63	3.81	3.62	Varies[2]	Varies[2]
Bimonthly	**4.43**	4.43	4.50	4.52	4.69	4.98	5.18	4.92	Varies[2]	Varies[2]

(Continued next page)

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

[2]Prior to 1996, service charges varied with meter size.

[3]Prior to 1996, consumption charge had two tiers, 1) January-April and October-December, and 2) May-September.

[4]In 1994, the "All Other Retail Customers" had two tiers, 1) the first 1,400,000 gallons and 2) over 1,400,000 gallons.

TREATED WATER RATES: 1994 - 2003 (Continued)
Consumption Charge (Bimonthly)
Rate Per 1,000 Gallons

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Outside City Read and Bill - Schedule 3										
Residential Customers:										
First 22,000 Gallons	**1.97**	1.90	1.82	1.77	1.69	1.70	1.66	1.99	1.45	1.42
Over 22,000 Gallons (through 1998)	-	-	-	-	-	2.04	1.99	2.38	1.75	1.74
Over 22,000 through 38,000 Gallons (starting 1999)	**2.36**	2.28	2.18	2.12	2.03	-	-	-	-	-
Over 38,000 (starting 1999)	**2.96**	2.85	2.73	2.66	2.51	-	-	-	-	-
Small Multi-Family:										
(Duplexes through five-plexes with a single meter)										
First 30,000 gallons[1]	**1.83**	1.77	1.77	1.76	1.63	1.63	1.61	1.82	1.45	1.42
Over 30,000 gallons	**2.20**	2.12	2.12	2.11	1.96	1.96	1.93	2.18	1.75	1.74
All Other Retail Customers:										
Winter (starting 1999)	**1.70**	1.65	1.61	1.59	1.59	-	-	-	-	-
Summer (starting 1999)	**2.04**	1.98	1.93	1.91	1.91	-	-	-	-	-
All Consumption (through 1998)	-	-	-	-	-	1.80	1.64	1.75	1.24	1.29/1.23[4]
Service Charge:										
Monthly	**3.09**	3.09	3.16	3.21	3.34	3.63	3.81	3.62	Varies[2]	Varies[2]
Bimonthly	**4.43**	4.43	4.50	4.52	4.69	4.98	5.18	4.92	Varies[2]	Varies[2]
Outside City Wholesale Rate - Schedule 4										
Consumption Charge - all consumption	1.89	1.83	1.81	1.74	1.66	1.65	1.65	1.57	1.30/1.62[4]	1.23/1.54[4]
Master Meter Maintenance	2.56	2.47	-	-	-	-	-	-	-	-
Service Charge - Not applicable for this rate schedule										

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units

[2]Prior to 1996, service charges varied with meter size.

[3]Prior to 1996, consumption charge had two tiers, 1) January-April and October-December, and 2) May-September.

[4]In 1994, the "All Other Retail Customers" had two tiers, 1) the first 1,400,000 gallons and 2) over 1,400,000 gallons.

ANALYSIS OF SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2003 (NON-ACCRUAL BASIS)[1]

	Revenue		Consumption			Revenue
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers[3]	Per 1,000 Gallons
DENVER						
Raw Water Sales						
City & County of Denver Agencies	$ 40,593	0.66%	238,787	1.89%	1	$ 0.1700
Xcel Energy	330,191	5.37%	702,535	5.57%	1	0.4700
All Other	675,803	10.99%	556,324	4.41%	2	1.2148
	1,046,587	17.02%	1,497,646	11.87%	4	0.6988
Effluent Sales						
All Other	7,061	0.11%	15,022	0.12%	-	0.4700
Total Denver	1,053,648	17.13%	1,512,668	11.99%	4	0.6965
OUTSIDE CITY, WITHIN COMBINED SERVICE AREA						
Raw Water Sales						
All Other	9,360	0.15%	57,183	0.45%	1	0.1637
Eff;uent Sales						
All Other	319	0.01%	652	0.01%	-	0.4893
Minimum Contract Payments[2]						
All Other	11,496	0.19%	23,461	0.19%	1	-
Total Outside City, Within Combined Service Area	21,175	0.35%	81,296	0.65%	2	0.2605
OUTSIDE COMBINED SERVICE AREA						
Raw Water for Resale						
City of Arvada	2,255,724	36.68%	5,468,111	43.35%	1	0.4125
North Table Mountain	297,281	4.83%	606,695	4.81%	1	0.4900
	2,553,005	41.51%	6,074,806	48.16%	2	0.4203
Raw Water Sales						
City of Arvada	9,261	0.15%	18,899	0.15%	-	0.4900
City and County of Broomfield	92,736	1.51%	189,254	1.50%	1	0.4900
Centennial Water & Sanitation District	114,004	1.85%	232,657	1.84%	1	0.4900
Consolidated Mutual Water	491,321	7.99%	1,002,676	7.95%	1	0.4900
City of Englewood	2,570	0.04%	13,034	0.10%	1	0.1972
U. S. Department of Energy	39,650	0.64%	83,251	0.66%	1	0.4763
City of Westminster	236,152	3.84%	503,440	3.99%	1	0.4691
Xcel Energy	1,040,538	16.93%	2,123,506	16.84%	-	0.4900
All Other	495,378	8.05%	777,774	6.17%	9	0.6369
	2,521,610	41.00%	4,944,491	39.20%	15	0.5100
Effluent Sales						
All Other	111	-	228	-	1	0.4868
Minimum Contract Payments[2]						
All Other	638	0.01%	1,304	-	2	-
	638	0.01%	1,304	-	2	-
Total Outside Combined Service Area	5,075,364	82.52%	11,020,829	87.36%	20	0.4605
TOTAL SALES OF NON-POTABLE WATER	$ 6,150,187	100.00%	12,614,793	100.00%	26	$ 0.4875
OTHER NON-POTABLE WATER DELIVERIES						
City Ditch at Washington Park			412,424			
City of Englewood (Cabin-Meadow Exchange)			880,507			
Total Other Non-Potable Water Deliveries			1,292,931			
TOTAL NON-POTABLE WATER DELIVERIES			13,907,724			

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

[2]Effective for 1997, non-potable sales have been identified as raw, effluent, and minimum contract payments. The minimum payment category reflects contract-stipulated payments in excess of the revenue recorded for actual deliveries of non-potable water. Prior to 1997, this revenue was reported as Special Assessments-Other on the "Operating Revenue and Related Water Consumption" schedule.

[3]If the customer is reflected in the count of raw water customers, it is excluded from the count of effluent and minimum contract payment customers.

25 LARGEST CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2003 (NON-ACCRUAL BASIS)[1]

Account Type	Consumption (000 Gallons)	Water Revenue
Multi-location petroleum retailer	449,745	$ 846,418
Public Utility	340,995	613,457
School System	274,152	425,559
Housing Authority	202,613	307,932
Public Recreation Agency	150,792	308,716
Federal Government	147,247	276,231
Retail Grocer	141,133	221,608
Medical Center	136,863	210,418
Manufacturer	133,626	252,279
Medical Center	130,139	216,826
Homeowners Association	112,172	176,567
Homeowners Association	112,024	175,423
Manufacturer	108,684	157,801
Public Utility	102,420	191,856
Property Management	102,039	160,060
School System	96,941	114,797
Beverage Company	96,054	150,547
Beverage Company	92,322	139,668
Food Company	85,086	128,294
Medical Center	79,551	109,160
Homeowners Association	75,389	114,937
Hotel	70,420	100,858
Public Utility	62,867	117,544
Homeowners Association	62,525	94,097
Homeowners Association	60,919	116,349
Total - 25 Largest Customers	3,426,718	$ 5,727,401
Total Sales of Treated Water	63,008,593	$ 120,792,946
Percent of 25 Largest Customers to Total Sales of Treated Water	5.44%	4.74%

[1]This schedule represents actual billings made for water during the year. The difference from amounts on an accrual basis is immaterial. In addition to the accounts listed, Denver Water provided 1,881,648 (000 gallons) of treated water to the City and County of Denver. Revenues from these sales were $2,159,640.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS:
1973 - 2003
(CASH BASIS - NET OF REFUNDS)

	System Development Charges	Participation Receipts
2003	$ 19,614,948	$ 2,831,285
2002	36,590,914	5,567,014
2001	22,186,342	7,026,906
2000	25,525,391	6,392,360
1999	24,223,691	11,963,951
1998	33,155,890	8,411,534
1997	45,058,104	3,732,524
1996	15,137,300	2,913,102
1995	15,527,600	3,927,400
1994	13,535,700	2,881,800
1993	12,181,800	1,343,600
1992	10,920,300	1,198,800
1991	7,530,400	2,330,700
1990	6,615,100	1,838,700
1989	6,251,400	4,965,200
1988	6,084,600	3,067,700
1987	8,544,400	4,561,300
1973-86	149,473,600	43,647,100
	$458,157,480	$118,600,976

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of Denver Water's current levels of outstanding debt and its ability to issue additional debt in the future.

RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 1994 - 2003
(amounts expressed in thousands, except debt per capita)

Year	Total Outstanding Debt by Type[1]					Gross Revenues[2]	Ratio of Total Debt to Gross Revenue[1]	Estimated Population Served[3]	Total Debt Per Capita[1]
	General Obligation Bonds	Water Revenue Bonds	Certificates of Participation	Capital Lease	Total				
1994	$ 256,035	-	$ 60,145	$35,991	$352,171	$133,818	2.63	938,000	$ 375
1995	250,838	-	58,230	35,706	344,774	120,554	2.86	949,000	363
1996	246,472	-	56,195	35,106	337,773	145,372	2.32	966,000	350
1997	243,205	-	54,025	34,465	331,695	168,479	1.97	980,000	338
1998	216,020	-	53,865	33,780	303,665	163,242	1.86	996,000	305
1999	213,795	-	51,115	33,048	297,958	173,466	1.72	1,012,000	294
2000	211,745	-	48,245	32,265	292,255	205,003	1.43	1,036,000	282
2001	208,140	-	67,885	31,429	307,454	203,298	1.51	1,052,000	292
2002	205,480	-	63,590	30,536	299,606	200,089	1.50	1,076,000	278
2003	156,345	$127,155	59,160	29,581	372,241	174,727	2.13	1,081,000	344

[1]Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water,"

TOTAL DEBT SERVICE COVERAGE: 1994 - 2003

General Obligation Bonds, Water Revenue Bonds, Obligation under Capital Lease, and Certificates of Participation[1]
(amounts expressed in thousands)

Fiscal Year	Gross Revenues[2]	Less Operating Expenses[3]	Net Available Revenue	Total Debt Service[1]			Coverage[4]
				Principal	Interest	Total	
1994	$ 133,818	$ 65,964	$ 67,854	$22,680	$16,807	$39,487	1.72
1995	120,554	69,450	51,104	20,517	20,047	40,564	1.26
1996	145,372	76,385	68,987	23,976	18,986	42,962	1.61
1997	168,479	74,357	94,122	25,608	18,686	44,294	2.12
1998	163,242	78,563	84,679	30,840	17,518	48,358	1.75
1999	173,466	80,848	92,618	20,237	16,433	36,670	2.53
2000	205,003	98,787	106,216	18,402	16,376	34,778	3.05
2001	203,298	91,551	111,747	15,841	15,367	31,208	3.58
2002	200,089	99,491	100,598	16,763	15,760	32,523	3.09
2003	174,727	107,698	67,029	17,345	16,333	33,678	1.99

[1]Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, certificates of participation and capital lease have been treated as debt. All bonded debt is secured by revenue.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Operating Expenses are defined as operating expenses plus loss on disposition of capital assets plus other expense minus depreciation and amortization.

[4]All items computed as defined in bond covenants. Rate maintenance covenant is 1.10; additional bonds covenant is 1.25.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 1994 - 2003
(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds[1]	Gross Revenues[2]	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served[3]	General Obligation Debt per Capita
1994	$ 256,035	$ 133,818	1.91	938,000	$ 273
1995	250,838	120,554	2.08	949,000	264
1996	246,472	145,372	1.70	966,000	255
1997	243,205	168,479	1.44	980,000	248
1998	216,020	163,242	1.32	996,000	217
1999	213,795	173,466	1.23	1,012,000	211
2000	211,745	205,003	1.03	1,036,000	204
2001	208,140	203,298	1.02	1,052,000	198
2002	205,480	200,089	1.03	1,076,000	191
2003	156,345	174,727	0.89	1,081,000	145

[1]Details regarding outstanding debt can be found in the notes to the financial statements.

[2]Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

[3]Population estimates are treated water customers only. See schedule III-E-29, "Consumption of Treated Water."

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

The following information is provided to give an overview of the general demographic and economic conditions in the Denver metropolitan area. The statistics presented below have been obtained from the sources indicated and represent the most current information available from such sources. The statistics have not been adjusted to reflect economic trends, notably inflation.

POPULATION

The following table sets forth population statistics for the City and County of Denver (the "City"), the Denver Metropolitan Statistical Area (the "Denver MSA"), which encompasses the counties of Adams, Arapahoe, Broomfield (formerly the City of Broomfield), Denver, Douglas and Jefferson, and for the State of Colorado (the "State"). Also included is the estimated population of the treated water service area for Denver Water.

Population Estimates

Year	Denver	Denver MSA	Colorado	DW Service Area
1960	493,887	859,935	1,753,947	612,000
1970	514,678	1,106,384	2,209,596	768,000
1980	492,694	1,428,836	2,889,735	846,000
1990	467,610	1,622,980	3,294,473	891,000
2000	555,782	2,109,282	4,301,261	1,036,000
2001	560,365	2,168,446	4,430,356	1,052,000
2002	560,882	2,236,522	4,516,847	1,076,000
2003	n/a	n/a	n/a	1,081,000

Sources: Colorado Department of Local Affairs, Division of Local Government, Demographic Section; Denver Regional Council of Governments

INCOME

The following table set forth median household effective buying income ("EBI") for the City, the Denver MSA, the State and the United States for the past five years. EBI, a classification developed by *Sales and Marketing Management* to distinguish it from other sources reporting income statistics, is defined as money income (as determined by *Sales and Marketing Management)*, less personal tax and non-tax payments, resulting in a figure often referred to as "disposable" or "after-tax" income. 2002 and 2003 EBI is computed as a derivative of household income, with the correspondence between before-tax and after-tax income based on a three-year combination of Current Population Survey data. Income and all income-related fields for 1999-2001 are benchmarked to the 1990 Census.

Median Household Effective Buying Income

As of January 1	Denver	Denver MSA	State of Colorado	United States
1999	$29,010	$39,275	$35,247	$35,377
2000	30,572	41,581	37,335	37,233
2001	32,877	44,312	39,741	39,129
2002	42,540	49,109	44,050	38,365
2003	37,261	47,878	43,510	38,035

Source: *Sales and Marketing Management: Annual Survey of Buying Power*, 1999-2003

The following table sets forth recent annual per capita personal income levels of the Denver Principal Metropolitan Statistical Area ("Denver PMSA"), the State and the United States. 2002 data for the Denver PMSA and 2003 data are not available.

Per Capita Personal Income in Current Dollars

Year	Denver PMSA	State of Colorado	United States
1997	$30,575	$27,067	$25,412
1998	32,532	28,764	26,893
1999	34,515	30,380	27,880
2000	37,924	33,060	29,760
2001	38,513	33,455	30,413
2002	Not available	33,170	30,832

Source: U.S. Department of Commerce, Bureau of Economic Analysis

EMPLOYMENT

The following tables set forth the number of individuals employed within selected industries in the Denver MSA covered by unemployment insurance for the period 1996-2002. Beginning in 2001, such data is being published only under the North American Industrial Classification System ("NAICS") codes and is not directly comparable to prior year data, which was classified by the Standard Industrial Classification System (“SIC”) codes. Annual data for 2003 is not yet available.

Average Number of Employees within Selected Industries in the Denver MSA 1996-2000 (SIC Classifications)

Industry[1]	1996	1997	1998	1999	2000
Agriculture, Forestry and Fisheries	8,585	9,302	10,206	11,273	12,215
Mining	6,840	6,895	6,756	5,949	5,749
Construction	57,402	61,474	68,691	77,980	87,748
Manufacturing	89,631	92,675	93,005	90,413	90,485
Transportation, Communication and Public Utilities	81,492	82,947	89,288	97,023	99,095
Wholesale Trade	66,929	69,762	70,441	71,243	74,137
Retail Trade	181,408	186,866	190,165	198,268	204,633
Finance, Insurance and Real Estate	75,426	80,760	86,356	88,604	89,442
Services	289,520	308,276	322,162	335,349	351,896
Government	138,884	141,574	144,346	146,703	149,953
Nonclassifiable	62	58	47	25	21
Total	996,179	1,040,589	1,081,463	1,122,830	1,165,374

[1]Information provided herein reflects only those employers who are subject to State unemployment insurance laws.

Source: Colorado Department of Labor and Employment

Average Number of Employees within Selected Industries in the Denver MSA in 2001 and 2002 (NAICS Classifications)

Industry[1]	2001	2002
Agriculture, Forestry, Fishing, Hunting	2,151	2,024
Mining	5,261	5,127
Utilities	3,752	3,758
Construction	90,603	86,775
Manufacturing	78,108	74,956
Wholesale Trade	68,124	65,068
Retail Trade	120,285	122,675
Transportation and Warehousing	46,787	44,090
Information	67,300	60,094
Finance and Insurance	69,011	68,357
Real Estate, Rental and Leasing	26,037	25,830
Professional and Technical Services	89,819	86,505
Management of Companies and Enterprises	12,998	14,889
Administrative and Waste Services	85,584	79,912
Educational Services	13,540	13,976
Health Care and Social Assistance	91,730	94,987
Arts, Entertainment and Recreation	14,672	15,014
Accommodation and Food Services	92,467	94,076
Other Services	35,558	36,027
Nonclassifiable	27	23
Government	153,826	160,443
Total	1,167,640	1,154,606

[1]Information provided herein reflects only those employers who are subject to State unemployment insurance laws.

Source: Colorado Department of Labor and Employment

The following table sets forth recent total labor force and unemployment statistics for the Denver MSA and the State. Annual data for 2003 is not yet available.

Labor force estimates for 2000-2002 have been adjusted to reflect population results from the 2000 decennial census.

Labor Force Averages
(Labor force expressed in thousands)

	Denver MSA				Colorado		
Year	**Labor Force**	**Percent Change**	**Percent Unemployed**		**Labor Force**	**Percent Change**	**Percent Unemployed**
1998	1,126.8	--	3.2%		2,241.8	--	3.8%
1999	1,141.5	1.3%	2.4		2,264.1	1.0%	2.9
2000	1,187.6	4.0	2.3		2,351.2	3.8	2.8
2001	1,194.6	0.6	3.5		2,379.1	1.2	3.7
2002	1,215.9	1.8	5.9		2,437.4	2.5	5.7

Source: Colorado Department of Labor and Employment

Set forth in the following table are major private sector (non-tax supported) employers in the Denver metropolitan area. No independent investigation has been made of and no representation is made herein as to the financial condition of the employers listed below or the likelihood that such employers will maintain their status as major employers in the area. It is possible that there are other large employers in the area that are not included in the table.

20 Largest Private Sector (Non-Tax Supported) Employers in the Denver Metropolitan Area

(Ranked by Number of Colorado Employees)

Company	Business	Employees in Colorado[1]
Wal-Mart Stores Inc.	Variety and discount retail	21,600
King Soopers Inc./Division Dillon Co. Inc.	Grocery retail	15,405
Qwest Communications International Inc.	Telecommunications	13,200
Centura Health	Health care services	12,362
Safeway Inc.	Grocery retail	11,137
HCA-HealthONE LLC	Health care services	9,000
Lockheed Martin Space Systems-Astronautics	Aerospace and defense systems	8,970
Target Corp.	Department and discount retail	6,930
United Airlines	Airline	6,200
Well Fargo Bank N.A.	Financial services	6,050
Exempla Healthcare	Health care	5,471
Albertson's Inc.	Grocery retail	5,000
United Parcel Service Inc.	Package delivery	4,897
EchoStar Communications Corp.	Satellite television	4,500
Kaiser Permanente	Health care	4,233
Comcast	Telecommunications	3,823
Xcel Energy	Utilities	3,712
University of Colorado Hospital	Health care services	3,260
Coors Brewing Co.	Beverage manufacturer	3,190
Ball Corp.	Packaging and aerospace	3,150

[1] Does not reflect any layoffs announced or implemented since the survey was conducted.

Source: *Denver Business Journal*, December 19-25, 2003

CONSTRUCTION

Set forth in the following tables are recent building permit statistics for new structures in the City and the Denver MSA.

Building Permit Activity in the City - New Structures

	Residential[1]		Other	
Year	Permits[2]	Value (000's)	Permits	Value (000's)
1999	2,245	312,171	985	$126,571
2000	3,907	332,601	1,146	183,287
2001	1,474	364,732	926	166,556
2002	2,049	380,986	1,374	175,390
2003	1,846	358,601	1,371	111,833

[1] Includes single family and two family dwellings, apartment buildings, hotels and motels.

[2] Number of permits issued, which is not equivalent to the number of units.

Source: City Building Department

Building Permit Activity in the Denver MSA

	Residential		Commercial		Industrial		Public/Nonprofit	
Year	Permits	Value (000's)	Permits	Value (000's)	Permits	Value (000's)	Permits	Value (000's)
1999	18,529	2,679,714	1,234	916,644	68	51,141	30	29,297
2000	16,669	2,717,011	1,032	840,024	55	27,750	42	102,742
2001	15,619	2,678,762	898	1,058,256	140	85,555	44	91,811
2002	15,451	2,701,325	886	562,694	176	144,133	111	90,987
2003	Not available							

Source: Denver Metro Chamber of Commerce, *Metro Denver Facts*

New Residential Units in the City and the Denver MSA

	Denver					Denver MSA			
Year	Single Family	Two Family	Multi-Family	Total Units		Single Family	Two Family	Multi-Family	Total Units
1999	2,171	49	250	2,470		18,080	157	4,563	22,800
2000	1,544	255	1,053	2,852		14,074	2,691	8,996	25,761
2001	1,106	1,148	1,810	4,064		12,896	4,066	8,405	25,367
2002	1,475	1,244	1,336	4,055		12,549	4,022	4,085	20,656
2003	1,482	1,035	987	3,504		11,369	3,149	1,832	16,350

Sources: Home Builders Association of Metropolitan Denver

FORECLOSURE ACTIVITY

The following table sets forth recent foreclosures filed in the Denver MSA.

Foreclosures Filed in the Denver MSA

	County							
Year	**Adams**	**Arapahoe**	**Broomfield[1]**	**Denver**	**Douglas**	**Jefferson**	**Total Denver MSA**	**Annual Change**
1999	656	713	--	859	181	685	3,094	--
2000	727	799	--	924	212	656	3,318	7.24%
2001	799	1,000	3	1,120	270	731	3,923	18.23
2002	1,313	1,575	73	1,742	415	1,130	6,248	59.27
2003	1,899	2,250	110	2,500	652	1,532	8,943	43.13

[1]The City of Broomfield became the City and County of Broomfield effective in the fall of 2001. The former City of Broomfield encompassed portions of the counties of Adams, Boulder, Jefferson and Weld.

Source: County Public Trustees' Offices

E - OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in Denver Water's financial report relates to the services it provides and the activities it performs.

EMPLOYEES BY DIVISION: 1994 - 2003
(amounts expressed in thousands)

Divisions/Sections	**2003**	2002	2001	2000	1999	1998	1997	1996	1995	1994
Manager & Staff Division										
Manager and Staff	**13.0**	13.0	13.0	13.0	13.0	14.0	14.0	14.0	13.0	13.0
Information Technology	**61.8**	57.8	53.8	48.0	46.8	43.8	-	-	-	-
Human Resources	**27.8**	27.0	25.0	25.0	25.0	22.0	23.0	18.0	17.0	-
	102.6	97.8	91.8	86.0	84.8	79.8	37.0	32.0	30.0	13.0
Public Affairs Division										
Director of Public Affairs	**7.0**	7.0	7.0	7.0	8.0	8.0	8.0	7.0	9.0	5.0
Community Relations	**5.2**	4.7	4.7	4.5	4.8	4.2	4.6	3.5	4.0	7.0
Conservation	**12.0**	10.0	7.0	6.0	7.0	7.0	6.0	7.0	6.0	6.0
Print Shop[1]	-	3.0	4.0	4.0	3.0	2.0	2.0	-	-	-
Central Services	**3.0**	3.0	3.0	3.0	3.0	3.0	3.0	-	-	-
Customer Services - Office	**35.0**	28.0	25.5	24.0	24.0	-	24.0	25.0	27.0	-
Customer Services - Field	**75.0**	83.0	87.0	84.0	89.0	-	85.0	86.0	84.0	-
Customer Services - Office & Field[2]	-	-	-	-	-	112.0	-	-	-	110.0
Sales Administration	**10.6**	10.6	13.6	12.6	15.6	17.6	18.6	18.6	16.0	17.0
	147.8	149.3	151.8	145.1	154.4	153.8	151.2	147.1	146.0	145.0
Legal Division	**12.5**	13.5	13.5	13.5	11.5	13.5	12.4	12.8	12.0	12.0
Finance Division										
Director of Finance	**9.0**	9.0	7.0	8.0	8.0	7.0	8.0	6.0	6.0	6.0
Treasury Operations	**5.0**	5.0	5.0	5.0	5.0	5.0	4.0	5.0	5.0	5.0
Fiscal Planning & Performance	**4.0**	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Purchasing	**8.0**	8.0	7.0	8.0	8.0	7.0	7.0	-	-	-
Accounting	**19.0**	19.0	19.0	17.0	18.0	20.0	20.0	19.0	20.0	20.0
Rate Administration	**2.0**	2.0	2.0	2.0	1.0	2.0	1.0	2.0	1.0	3.0
Records & Document Administration	**8.0**	8.0	12.0	12.0	12.0	13.0	13.0	-	-	-
Information Technology[3]	-	-	-	-	-	-	44.0	44.0	44.0	44.0
	55.0	55.0	56.0	56.0	57.0	59.0	102.0	81.0	81.0	83.0
Engineering Division										
Administration	**8.6**	9.0	8.0	8.0	8.0	8.0	8.0	8.0	17.0	8.0
Programs & Projects	**37.0**	37.0	36.0	35.0	33.0	32.0	31.0	30.0	29.0	28.0
Survey	**25.0**	26.0	26.0	25.0	25.0	26.0	22.0	25.0	27.0	27.0
Distribution	**37.0**	39.0	39.0	38.0	40.0	39.0	40.0	28.0	19.0	18.0
Construction Management	**22.0**	23.0	22.0	21.0	21.0	21.0	20.0	20.0	20.0	20.0
	129.6	134.0	131.0	127.0	127.0	126.0	121.0	111.0	112.0	101.0
Planning Division										
Director of Planning	**3.0**	3.0	3.0	3.0	3.0	4.0	5.0	3.9	3.0	3.0
Groundwater Analysis	-	-	-	-	-	-	-	-	-	8.0
Resource Planning	-	-	-	-	-	-	-	-	-	22.0
Environmental Planning	**4.6**	4.6	4.4	4.4	4.4	4.4	4.4	7.6	9.0	-
Raw Water Supply	**6.0**	6.0	6.0	6.0	5.0	6.0	6.0	6.0	6.0	-
Water Rights	**7.0**	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	-
Water Resources Analysis	**10.8**	10.8	10.0	10.0	9.0	8.0	8.0	4.0	5.0	-
General Planning	**4.0**	4.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0	12.0
Hydraulics	**7.0**	7.0	7.0	7.0	7.0	7.0	6.0	5.0	7.0	-
	42.4	42.4	41.4	42.4	40.4	40.4	41.4	38.5	42.0	45.0
Administration Division[4]										
Director of Administration	-	-	-	-	-	-	-	6.0	5.0	5.0
Human Resources	-	-	-	-	-	-	-	-	-	16.0
Health and Safety	-	-	-	-	-	-	-	19.0	18.0	15.0
Administrative Services	-	-	-	-	-	-	-	25.0	26.0	28.0
Property Administration	-	-	-	-	-	-	-	1.0	1.0	10.0
Public Recreation	-	-	-	-	-	-	-	4.0	5.0	5.0
General Services	-	-	-	-	-	-	-	28.0	27.0	34.0
								83.0	82.0	113.0
Operations and Maintenance Division										
Plant Office	**4.0**	5.0	5.0	30.5	28.5	6.0	6.0	6.0	7.0	8.0
Computer Support	-	-	-	-	-	-	-	-	-	-
Water Control Lab	-	-	-	-	-	-	-	-	-	27.0
Water Quality & Compliance	**31.0**	30.0	30.5	12.0	12.0	28.0	28.0	24.0	24.0	-
Safety and Loss Control	**12.0**	12.0	11.0	5.0	5.0	12.0	11.0	-	-	-
Source of Supply	**59.0**	60.0	61.0	60.0	59.0	59.0	56.0	58.0	56.0	55.0
Water Treatment	**79.0**	69.0	68.0	66.0	65.0	61.0	59.0	60.0	58.0	59.0
Transmission & Distribution	**158.0**	163.0	159.0	162.0	157.0	161.0	161.0	149.0	161.0	165.0
Treated Water Operations	**59.0**	58.0	59.0	59.0	58.0	58.0	57.0	56.0	57.0	55.0
Instrumentation & Ctrl Systems	**21.0**	20.0	18.0	16.0	16.0	16.0	16.0	15.0	14.0	14.0
Maintenance and Warehouse	**129.0**	127.0	129.0	125.0	127.0	128.0	129.0	114.0	110.0	128.0
	552.0	544.0	540.5	535.5	527.5	529.0	523.0	482.0	487.0	511.0
Total All Divisions	**1,041.9**	1,036.0	1,026.0	1,005.5	1,002.6	1,001.5	988.0	987.4	992.0	1,023.0

[1]Print Shop transferred from Public Affairs to Information Technology in 2003.

[2]Customer Services - Office & Field made separate sections in 1999.

[3]Information Technology transferred from Finance to Manager & Staff in 1998.

[4]Administration Division disbanded in February 1997 & employees transferred to other divisions.

ADDITIONS TO CAPITAL ASSETS - 2003
(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY		
South Platte Downstream Storage-Gravel Pits	$ 6,015	
Gross Reservoir Improvements	3,938	
Winter Park New Headquarters	2,458	
Water Rights	1,430	
Moffat Collection System	1,113	
Conduit 20	862	
Water Resources GIS Application	135	
Strontia Springs (1AA010)	110	
High Line Canal	93	
Investigations of Stream Development	91	
Leyden Gulch	90	
Eleven Mile	50	
Williams Fork	40	
Other Miscellaneous	69	
Total Source of Supply		16,494
PUMPING PLANT AND CLEAR WATER STORAGE		
Kassler - Pump Station	2,678	
Belleview - Pump Station	253	
Capital Hill - Pump Station	64	
Hillcrest	30	
Other Miscellaneous	14	
Total Pumping Plant and Clear Water Storage		3,039
WATER TREATMENT		
Recycled Water Project	38,513	
Marston Treatment Plant Improvements	13,764	
Foothills Treatment Plant Improvements	1,171	
Total Water Treatment		53,448
TRANSMISSION AND DISTRIBUTION		
Denver International Airport Mains and Hydrants	26,193	
Recycled Water Conduits/Capital Hill Basin Conversion	21,454	
Automated Reading Program	14,090	
Distribution Mains & Hydrants	6,294	
Conduit 151	802	
Conduit 94	472	
Stapelton Redevelopment	385	
Conduit 129	83	
Other	46	
Total Transmission and Distribution		69,819
NON-UTILITY		
City Ditch Dechlorination Facility	292	
Other	11	
Total Non-Utility		303
GENERAL PLANT		
Westside	382	
Total General Plant		382
TOTAL NEW FACILITIES		$ 143,485

(Continued next page)

ADDITIONS TO CAPITAL ASSETS - 2003 (Continued)
(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS		
SOURCE OF SUPPLY		
Antero Reservoir	$ 315	
Cheesman Reservoir	875	
Dillon Reservoir	171	
Eleven Mile	397	
Highline & Other Non-Utility	105	
Jones Pass	55	
Moffat Collection System	63	
Platte/Waterton Canyon	58	
Ralston Reservoir, S. Boulder Creek	73	
Strontia Springs	43	
Williams Fork	1,143	
Other Miscellaneous	83	
Total Source of Supply		3,381
PUMPING PLANT AND CLEAR WATER STORAGE		
Belleview	127	
Broomfield	650	
Einfeldt	358	
Hillcrest	165	
Kendrick	265	
Marston N. Side	42	
Ashland Res	230	
64th Ave. Res	79	
Hillcrest Res	50	
Other Miscellaneous	110	
Total Pumping Plant and Clear Water Storage		2,075
WATER TREATMENT		
Foothills Plant General Replacements	1,556	
Kassler Plant General Replacements	234	
Marston Plant General Replacements	43	
Moffat Plant General Replacements	1,201	
Total Water Treatment		3,034
TRANSMISSION AND DISTRIBUTION & CLEAR WATER STORAGE		
Mains - Replace, Extend, and Relocate	4,192	
Fire Hydrants - Replacements	720	
Meter Replacements	62	
Conduit 28	53	
Conduit 83	51	
Conduit 127	213	
Conduit 153	334	
Other Conduits	219	
Decentralization Stations	170	
Other Miscellaneous	145	
Total Transmission and Distribution		6,158
GENERAL PLANT		
Westside Improvements	802	
Total General Plant		802
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		15,450
GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS		
Motor Vehicles and Heavy Equipment	1,234	
Computer Equipment	295	
Capitalized Software & IT Projects	3,899	
TOTAL GENERAL EQUIPMENT		5,428
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		$ 164,363

CAPITAL ASSETS BY FUNCTION: 1994 - 2003
(amounts expressed in thousands)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
UTILITY PLANT IN SERVICE:										
Source of supply plant	$ 419,350	$ 400,248	$ 391,499	$ 382,873	$ 362,655	$ 360,666	$ 347,612	$ 336,872	$ 332,529	$ 329,103
Pumping plant	49,574	46,064	45,038	43,429	35,679	35,037	32,950	30,865	31,234	30,489
Water treatment plant	272,104	233,121	232,532	230,385	202,484	194,201	192,217	193,707	193,952	191,721
Transmission and distribution plan	652,700	605,581	585,059	605,138	562,657	553,506	536,298	517,000	501,366	481,261
General plant and equipmen	99,278	91,114	88,926	86,668	78,206	72,630	72,316	67,285	62,882	59,626
Leasehold and other improvement	85,594	71,709	59,587	7,847	7,072	6,698	5,758	3,570	2,484	1,903
Land held for future use	14,062	14,063	14,073	14,073	14,090	14,422	14,436	14,444	14,444	14,447
Total utility plant in service	1,592,662	1,461,900	1,416,714	1,370,413	1,262,843	1,237,160	1,201,587	1,163,743	1,138,891	1,108,550
NONUTILITY PLANT IN SERVICE:										
Plant	8,927	7,549	7,636	7,637	7,404	7,496	6,938	6,811	6,111	6,040
General equipment	60	61	61	73	76	74	100	93	87	68
Total nonutility plant in service	8,987	7,610	7,697	7,710	7,480	7,570	7,038	6,904	6,198	6,108
UTILITY PLANT UNDER CAPITAL LEASE	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981
CONSTRUCTION IN PROGRESS	226,875	199,453	121,104	71,177	95,029	59,909	30,456	23,115	21,576	15,998
Gross capital assets	1,871,505	1,711,944	1,588,496	1,492,281	1,408,333	1,347,620	1,282,062	1,236,743	1,209,646	1,173,637
ACCUMULATED DEPRECIATION AND AMORTIZATION	421,590	392,303	368,291	347,413	325,360	304,702	288,309	268,247	249,701	232,121
Net capital assets	$ 1,449,915	$ 1,319,641	$ 1,220,205	$ 1,144,868	$ 1,082,973	$ 1,042,918	$ 993,753	$ 968,496	$ 959,945	$ 941,516

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 1999 - 2003 AND 2004 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	1999		2000		2001		2002		2003		2004
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
BEGINNING CASH & INVESTMENTS	$ 130,544	$130,544	$149,851	$149,851	$165,594	$165,594	$186,755	$186,755	$156,540	$156,540	$163,405
RECEIPTS FROM:											
Sale of water	127,754	126,160	133,298	151,490	139,465	149,188	148,785	146,210	133,065	131,038	157,450
Drought Surcharge	-	-	-	-	-	-	-	776	11,043	8,001	
Nonoperating, interest & other	13,700	18,438	16,364	16,647	16,746	16,671	12,111	16,480	16,695	13,683	18,879
System development charges	14,600	24,328	19,100	25,620	21,300	22,259	27,446	36,644	23,783	19,649	22,034
Tap Surcharge	-	-	-	-	-	-	-	1,333	4,583	1,641	
Developer participation (new facilities)	9,017	13,171	3,741	6,392	3,915	7,034	3,918	5,573	2,115	2,835	2,036
Reimbursements & grants	440	371	387	791	1,637	6,802	152	1,881	3,123	3,420	494
Subtotal	165,511	182,468	172,890	200,940	183,063	201,954	192,412	208,897	194,407	180,267	200,893
Sale of bonds	38,272	14,472	12,700	12,677	11,159	32,658	27,395	11,393	40,500	132,438	9,000
Total receipts	203,783	196,940	185,590	213,617	194,222	234,612	219,807	220,290	234,907	312,705	209,893
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	76,868	79,312	80,296	80,836	82,059	85,375	91,297	95,453	97,006	105,463	103,583
Debt service	36,825	36,240	34,454	34,041	31,629	31,780	32,712	35,258	33,630	71,338	37,878
Subtotal	113,693	115,552	114,750	114,877	113,688	117,155	124,009	130,711	130,636	176,801	141,461
Capital improvements (new facilities)	45,523	35,496	45,910	51,705	74,508	69,761	78,240	81,421	91,228	100,017	46,268
System replacements	12,927	10,573	17,582	16,236	13,688	11,238	15,308	18,828	13,950	12,559	15,451
Equipment	7,122	6,343	9,119	5,746	8,298	6,604	10,069	8,834	7,264	5,528	13,556
Subtotal	65,572	52,412	72,611	73,687	96,494	87,603	103,617	109,083	112,442	118,104	75,275
Indirects to capital	9,500	9,669	9,579	9,310	9,884	9,750	9,955	10,711	11,023	10,935	10,860
Total expenditures	188,765	177,633	196,940	197,874	220,066	214,508	237,581	250,505	254,101	305,840	227,596
DIA Market Adjustment	-	-	-	-	-	1,057	-	-	-	-	-
ENDING CASH & INVESTMENTS	$ 145,562	$149,851	$138,501	$165,594	$139,750	$186,755	$168,981	$156,540	$137,346	$163,405	$145,702

GENERAL EXPLANATION OF VARIANCES:

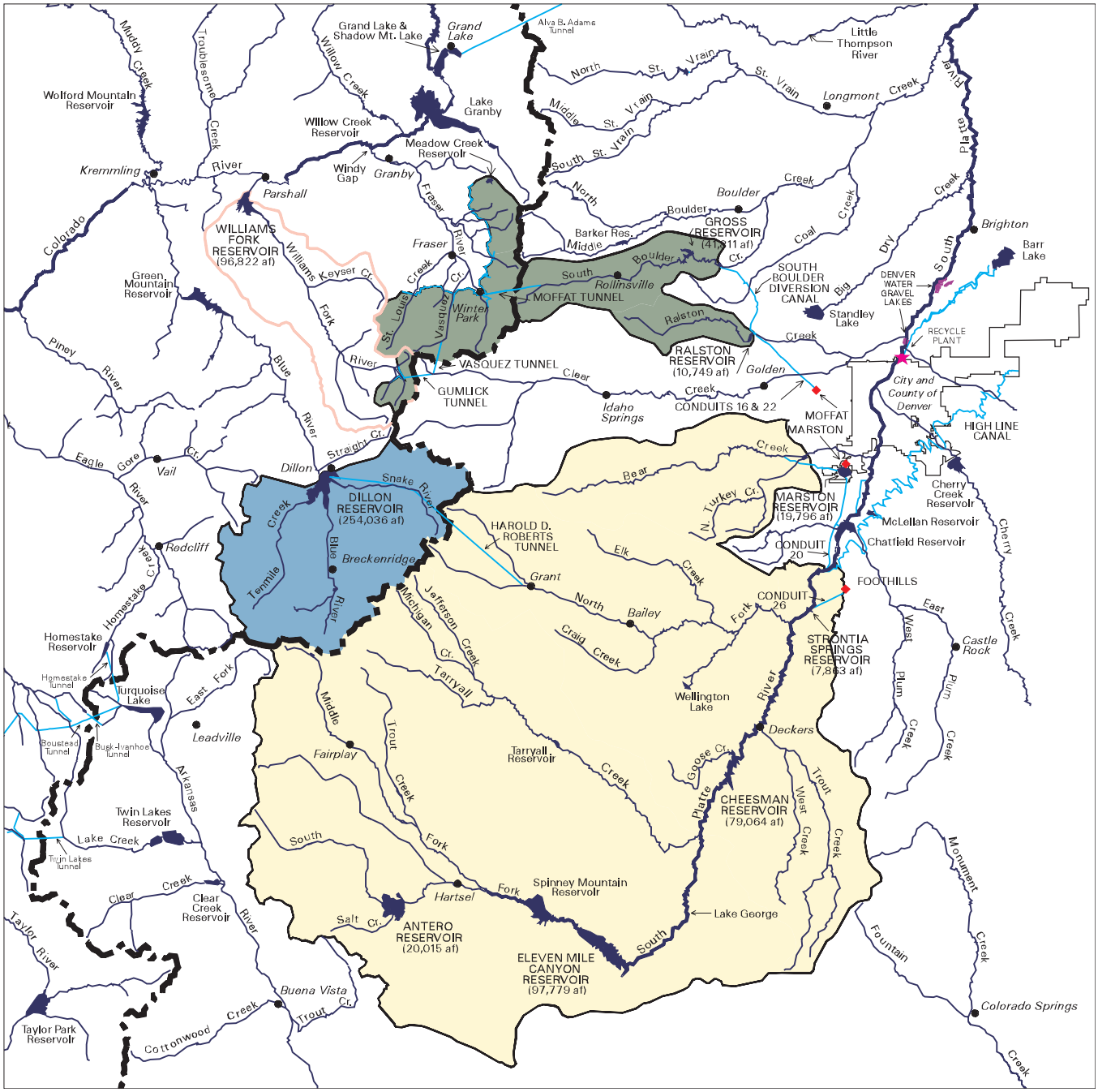
Variances in operating receipts are generally due to abnormal climatic conditions.
Variances in system development charges are generally related to levels of activity in the home building industry.
Variances in capital improvements are generally due to changes in project scheduling.
Cash and investments do not agree with amounts on the Statements of Net Assets.

Supply

2003 Facts

Raw water collected	393,348	A.F.
Percent of average yield-last 10 years	135%	
Percent from South Platte System	37%	
Percent from Moffat System	21%	
Percent from Roberts Tunnel System	42%	
Reservoir storage, January 1	309,874	A.F.
Percent of capacity	46%	
Reservoir storage, December 31	436,911	A.F.
Percent of capacity	65%	
Power generation	49,932,548	KWH
Value of power generation	$1,959,304	

City and County of Denver
Board of Water Commissioners
Water Collection System



LEGEND

- South Platte Collection System
- Roberts Tunnel Collection System
- Moffat Collection System
- Williams Fork Reservoir Watershed
- Denver Water Treatment Plant
- Continental Divide
- Major Stream or River
- Major Canal or Tunnel
- Major Lake or Reservoir
- Town

N

S

Scale 1:1,000,000

0 5 10 20 40

Miles

SOURCE OF SUPPLY - 2003
Reservoirs and Collection Systems

RAW WATER STORAGE	Capacity in Acre-Feet	Capacity in Million Gals.
Storage Reservoirs:		
Dillon	254,036	82,777.9
Eleven Mile Canyon	97,779	31,861.4
Cheesman	79,064	25,763.1
Gross	41,811	13,624.2
Antero	20,015	6,521.9
Chatfield	27,428	8,937.4
Soda Lakes (Board owns 35.16% of water)	645	210.2
Total Storage Reservoirs	520,778	169,696.0
Operating Reservoirs:		
Marston Lake	19,796	6,450.5
Ralston	10,749	3,502.6
Strontia Springs	7,863	2,562.2
Long Lakes	1,787	582.3
Platte Canyon	910	296.5
Total Operating Reservoirs	41,105	13,394.1
TOTAL RAW WATER STORAGE	561,883	183,090.1

REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Board owns 40% of water)	25,610	8,345.0
Total Replacement Reservoirs	122,432	39,894.6

MOUNTAIN COLLECTION SYSTEM	Length in Feet	Length in Miles
Moffat Collection System:		
Concrete and Steel Pipe	91,649	17.4
Moffat Water Tunnel	32,383	6.1
Open Canals	20,223	3.8
Covered Canals	23,207	4.4
Other Tunnels	10,953	2.1
Total Moffat Collection System	178,415	33.8
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	3.0
Open Canals	1,795	0.3
Total Williams Fork Collection System	54,180	10.3
Roberts Tunnel	122,953	23.3
South Boulder Diversion Conduit:		
Open Canals	33,250	6.3
Concrete and Steel Pipe	10,948	2.1
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	53,650	10.2
TOTAL MOUNTAIN COLLECTION SYSTEM	409,198	77.6

SOURCE OF SUPPLY - 2003 (Continued)
Supply Mains and Wells

RAW WATER SUPPLY MAINS

	Size	Kind of Pipe	Capacity in MGD	Length in Feet	Length in Miles
Conduit 14:	48"	Concrete	32.0	3,324	0.6
Conduit 15:	60"	Concrete		8,040	1.5
	60"	Steel		11,158	2.1
	72"	Concrete		6,057	1.2
	72"	Steel		6,185	1.2
Total Conduit 15			100.0	31,440	6.0
Conduit 16:	42"	Concrete		44,707	8.4
	42"	Steel		579	0.1
	48"	Concrete		346	0.1
Total Conduit 16			62.0	45,632	8.6
Conduit 20:	60"	Steel		1,038	0.2
	84"	Steel		563	0.1
	90"	Concrete		59,899	11.3
	96"	Concrete-Lined Tunnel		3,012	0.6
	108"	Steel		8,000	1.5
Total Conduit 20			222.0	72,512	13.7
Conduit 22:	30"	Concrete		47	- [1]
	48"	Concrete		11	- [1]
	54"	Concrete		44,334	8.4
	54"	Steel		510	0.1
Total Conduit 22			137.0	44,902	8.5
Conduit 26:					
	126"	Steel		1,746	0.3
	126"	Concrete		147	- [1]
	126"	Concrete-Lined Tunnel		16,089	3.0
Total Conduit 26			750.0	17,982	3.3
TOTAL RAW WATER SUPPLY MAINS				215,792	40.7

[1]Less than 0.1 mile.

INFILTRATION GALLERIES & WELLS

	Capacity in MGD
Cherry Creek Wells:	
Well O	1.2
Farnell Lane Well Field	- [1]

[1]Alternative uses for supplies from the Farnell Lane Well Field are presently under study.

HYDROELECTRIC POWER - 2003

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKINC

POWER GENERATION AND PURCHASE	Kilowatt Hours	Value
Net Power Generation:[1]		
Dillon	8,759,099	$ 334,317
Foothills	9,238,022	419,193
Hillcrest	5,642,000	299,292
Roberts Tunnel	10,563,574	436,391
Strontia Springs	6,873,453	252,469
Williams Fork	1,796,400	54,549
Total Power Generation	42,872,548	1,796,211
Power Purchased for Department of Energy (DOE) power interference	7,060,000	163,093
TOTAL POWER GENERATION AND PURCHASE	49,932,548	1,959,304
POWER DISTRIBUTION		
Power Consumption:[1]		
Foothills	5,346,279	243,780
Hillcrest	1,198,975	124,524
Total Power Consumption	6,545,254	368,303
Power Sales:		
To Excel Energy:		
Dillon	8,759,099	334,317
Foothills	3,891,743	175,413
Hillcrest	4,443,025	174,768
Roberts Tunnel	10,563,574	436,391
Strontia Springs	6,873,453	252,469
	34,530,894	1,373,359
To Tri-State Generation and Transmission Associates:		
Williams Fork	1,796,400	54,549
Total Power Sales	36,327,294	1,427,908
Power Deliveries to DOE for Power Interference:		
Williams Fork	259,551	6,523
Purchased Power	6,800,449	156,570
Total Power Deliveries to DOE	7,060,000	163,093
TOTAL POWER DISTRIBUTION	49,932,548	1,959,304
DOE BANKED POWER INTERFERENCE ACCOUNT[2]		
Balance, Beginning of Year[3]	131,642,927	3,949,288
Power Deliveries to DOE	6,800,449	204,013
Net Interference	(3,464,300)	(103,929)
Balance, End of Year	134,979,076	$4,049,372

[1]Net Power Generation is total generation less station service (except Foothills and Hillcrest) and transmission wheeling losses. Value of Williams Fork power and that consumed by Foothills and Hillcrest based on PS(tariff schedule TT, June 4, 1988

[2]Value based on 30 mills/kwh (approximate average of PSC and DOE rates).

HYDROELECTRIC POWER - 2003 (Continued)

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant						
	Dillon	Foothills	Hillcrest	Roberts Tunnel	Strontia Springs	Williams Fork	Total
Date of Commercial Operation:	Oct 1, 1987	May 25, 1985	Jun 30, 1993	Jan 30, 1988	Aug 11, 1986	July 25, 1959	
VALUE OF POWER GENERATION							
Public Service Company Sales	$ 334,317	$ 175,413	$ 174,768	$ 436,391	$ 252,469	$ -	$ 1,373,358
Foothills Consumption	-	243,780	-	-	-	-	243,780
Hillcrest Consumption	-	-	124,524	-	-	-	124,524
Delivered to Tri-State	-	-	-	-	-	54,549	54,549
TOTAL VALUE	334,317	419,193	299,292	436,391	252,469	54,549	1,796,211
COST OF POWER GENERATION							
Transmission Wheeling	-	12,813	-	21,670	-	-	34,483
Operation and Maintenance	85,833	96,966	112,381	172,567	63,834	119,490	651,071
Administrative Expense	20,978	32,040	15,128	29,813	15,083	25,665	138,707
Depreciation	93,754	53,024	133,662	126,667	43,686	12,979	463,772
TOTAL COST	200,565	194,843	261,171	350,717	122,603	158,134	1,288,033
Net Return (Loss)	$ 133,752	$ 224,350	$ 38,121	$ 85,674	$ 129,866	$ (103,585)	$ 508,178
Plant Investment (Before Depreciation)	$ 4,467,718	$ 2,049,002	$ 6,301,011	$ 5,972,138	$ 1,717,460	$ 2,201,183	$ 22,708,512
Return on Investment	3%	11%	1%	1%	8%	(5)%	2%

WATER SUPPLY, USE AND STORAGE: 1994 - 2003

Values in acre-feet

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
SUPPLY										
South Platte System:										
South Platte Direct Rights	**62,319**	34,238	67,216	78,106	138,421	118,924	119,689	75,280	109,674	61,177
South Platte Storage Rights	**43,562**	4,686	43,142	38,406	66,492	60,580	68,492	36,266	55,634	42,940
Bear Creek	**15,062**	901	1,844	908	-	-	47	14	154	569
Total South Platte System	**120,943**	39,825	112,202	117,420	204,913	179,504	188,228	111,560	165,462	104,686
Blue River/Roberts Tunnel System	**164,294**	56,848	102,282	102,750	54,064	48,384	92,174	89,268	98,176	90,479
Effluent Exchange[1]	**24,039**	19,031	17,724	16,492	5,864	11,444	6,250	19,682	12,824	29,430
Moffat System:										
Fraser Collection System	**65,458**	21,678	51,288	49,355	35,018	30,166	44,932	47,838	18,174	37,204
Williams Fork Collection System	**5,726**	7,856	11,350	3,612	278	2,534	2,692	1,508	26	-
Cabin-Meadow Creek System	**5,020**	3,582	5,716	6,406	570	3,680	2,820	3,068	5,252	7,104
South Boulder Creek	**6,814**	-	2,810	-	16,140	12,144	22,142	7,892	33,421	102
Ralston Creek	**1,054**	-	132	438	5,266	5,696	5,044	214	12,398	1,372
Total Moffat System	**84,072**	33,116	71,296	59,811	57,272	54,220	77,630	60,520	69,271	45,782
Total Water Supply	**393,348**	148,820	303,504	296,473	322,113	293,552	364,282	281,030	345,733	270,377
USE										
Foothills Filters[2]	**120,112**	158,777	141,780	165,454	174,596	181,238	162,841	152,057	153,757	145,954
Marston Filters	**38,448**	54,849	59,614	47,463	26,667	15,574	26,874	20,750	16,877	43,216
Moffat Filters	**42,164**	17,649	47,481	43,031	29,915	40,949	41,491	57,206	29,634	45,758
Total Water Filtered	**200,724**	231,275	248,875	255,948	231,178	237,762	231,206	230,013	200,268	234,928
Change in Clear Water Storage	**(20)**	(340)	(136)	382	(291)	(17)	(2)	119	32	(107)
Total Treated Water Delivered[3]	**200,704**	230,935	248,739	256,330	230,887	237,745	231,204	230,132	200,300	234,821
Raw Water Deliveries	**43,136**	44,454	29,040	38,478	26,248	27,063	30,248	30,910	26,012	34,474
Operating Losses[4]	**11,941**	31,812	17,084	23,268	22,646	11,176	57,275	20,252	64,626	21,222
Evaporation Losses	**8,804**	8,242	8,310	8,995	1,711	6,879	1,878	6,154	2,207	10,961
Total Water Use	**264,585**	315,443	303,173	327,071	281,492	282,863	320,605	287,448	293,145	301,478
STORAGE[5]										
Total Reservoir Storage, December 31	**436,911**	309,874	544,527	553,929	607,921	591,462	607,786	555,276	605,702	523,882
Total Reservoir Storage, January 1	**309,874**	544,527	553,929	607,921	591,462	607,786	555,276	605,702	523,882	563,422
Storage Gain or (Loss)	**127,037**	(234,653)	(9,402)	(53,992)	16,459	(16,324)	52,510	(50,426)	81,820	(39,540)

[1]Initiated exchange programs for Blue River effluent on September 10, 1976.

[2]Includes 1,902 acre-feet treated for Denver Water by Centennial Water and Sanitation District

[3]Total Treated Water Delivered is determined by adding or subtracting Change in Clear Water Storage from Total Water Filtered.

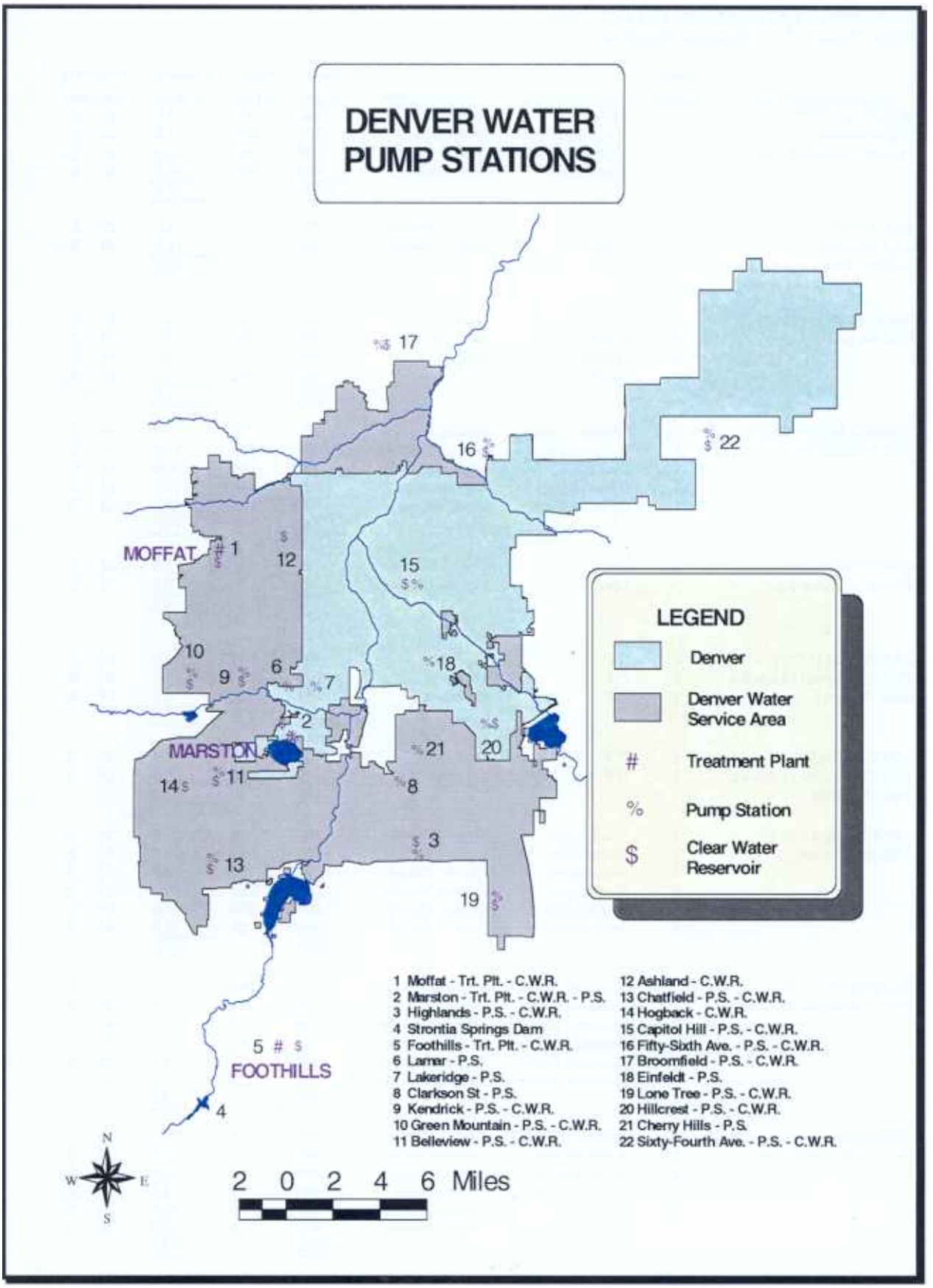
[4]Operating losses are computed. They include river carrying charges and losses between supply and distribution system measuring points, but do not include spills or by-passes attributable to the capacity limitations of facilities.

[5]Reservoirs used to compute total storage changed for the 2002 report. 1993-2001 data were adjusted for this change.

Pumping

2003 Facts

Water pumped - Current year	46,030.79	MG
Water pumped - Last year	51,205.33	MG
Percentage decrease from last year	(10)%	
Number of pump stations	18	
Maximum pumping capacity	1,077.1	MGD
Pumping energy costs - Current year	$2,194,746	
Pumping energy costs - Last year	$1,886,796	
Percentage increase from last year	(14)%	


DENVER WATER
PUMP STATIONS
MOFFAT
MARSTON
FOOTHILLS
LEGEND
Denver
Denver Water Service Area
Treatment Plant
% Pump Station
$ Clear Water Reservoir
1 Moffat - Trt. Plt. - C.W.R.
2 Marston - Trt. Plt. - C.W.R. - P.S.
3 Highlands - P.S. - C.W.R.
4 Strontia Springs Dam
5 Foothills - Trt. Plt. - C.W.R.
6 Lamar - P.S.
7 Lakeridge - P.S.
8 Clarkson St - P.S.
9 Kendrick - P.S. - C.W.R.
10 Green Mountain - P.S. - C.W.R.
11 Belleview - P.S. - C.W.R.
12 Ashland - C.W.R.
13 Chatfield - P.S. - C.W.R.
14 Hogback - C.W.R.
15 Capitol Hill - P.S. - C.W.R.
16 Fifty-Sixth Ave. - P.S. - C.W.R.
17 Broomfield - P.S. - C.W.R.
18 Einfeldt - P.S.
19 Lone Tree - P.S. - C.W.R.
20 Hillcrest - P.S. - C.W.R.
21 Cherry Hills - P.S.
22 Sixty-Fourth Ave. - P.S. - C.W.R.
N
W
E
S
2 0 2 4 6 Miles

PUMPING STATION CAPACITIES - 2003

Center of pump U.S.G.S. elevation in parenthese

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
BELLEVIEW (5,714)	4	Goulds	Ideal Electric	900	260	15.0	M R
(High Pressure)	5	Worthington	Westinghouse	300	260	5.0	M R
11200W. Belleview Ave.	6	Worthington	General Electric	600	260	10.0	M R
	7	Worthington	General Electric	900	260	15.0	M R
				2,700		45.0	
BELLEVIEW (5,714)	1	Goulds	General Electric	250	175	6.0	M R
(Low Pressure)	2	Goulds	General Electric	400	175	10.0	M R
11200W. Belleview Ave.				650		16.0	
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0	M R
9265 Washington St.	2	Patterson	Ideal Electric	400	350	5.0	M R
	3	Patterson	Ideal Electric	400	350	5.0	M R
	4	Goulds	US Motor	500	300	6.5	M R
				1,700		21.5	
CAPITOL HILL (5,387)	3	Wheeler Economy	General Electric	800	175	20.0	M R
1000 Elizabeth St.	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Cameron	General Electric	700	164	20.0	M R
	6	Byron Jackson	Westinghouse	600	175	17.0	M R
	7	Byron Jackson	Westinghouse	800	175	23.0	M R
				3,300		92.0	
CASTLEWOOD (5785)[2]	1	Paco	Lincoln Linguard	75		2.3	M L
9502 E.Arapahoe Rd.	2	Paco	Lincoln Linguard	75		2.3	M L
				150		4.6	
CHATFIELD (5,717)	1	ITT	US Motor	200	150	5.0	M R
8371 Continental Divide Rd.	2	ITT	US Motor	200	150	5.0	M R
(Low Pressure)	3	ITT	US Motor	200	150	5.0	M R
				600		15.0	
CHATFIELD (5,717)	5	ITT	US Motor	400	320	5.0	M R
8371 Continental Divide Rd.	6	ITT	US Motor	400	320	5.0	M R
(High Pressure)				800		10.0	
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0	M R
1590 Radcliff Ave.	2	Worthington	General Electric	1,000	220	20.0	M R
	3	Worthington	General Electric	1,000	220	20.0	M R
	4	Worthington	General Electric	1,000	220	20.0	M R
	5	Worthington	General Electric	1,000	220	20.0	M R
	6	Worthington	General Electric	1,000	220	20.0	M R
				6,000		120.0	
CLARKSON (5,482)[2]	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
5300 S. Clarkson St.	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	6	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
				900		12.6	
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0	M R
1900 S. University Blvd.	3	Byron Jackson	General Electric	600	175	17.0	M R
	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Byron Jackson	Westinghouse	200	175	5.3	M R
	6	Worthington	General Electric	800	175	20.0	M R
	7	Wheeler Economy	General Electric	800	175	20.0	M R
				3,600		94.3	

[1]M=Manual, R=Remote, L=Local

[2]Vault Type Structure (underground)

(Continued next page)

PUMPING STATION CAPACITIES - 2003 (Continued)

Center of pump U.S.G.S. elevation in parenthese

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]	
FIFTY-SIXTH AVENUE (5,203)	2	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
7355 56th Ave.	3	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	8	Gould	U.S. Motor	500	75	30.0	M	R
	9	Gould	U.S. Motor	500	75	30.0	M	R
				8,000		120.0		
GREEN MOUNTAIN (5,837)	1	Patterson	General Electric	700	260	10.0	M	R
12400 W. Jewell Ave.	2	Patterson	General Electric	350	260	5.0	M	R
	3	Patterson	General Electric	350	260	5.0	M	R
	4	Patterson	General Electric	700	260	10.0	M	R
				2,100		30.0		
HIGHLANDS (5,704)	1	Fairbanks Morse	General Electric	125	165	3.0	M	R
(Low Pressure)	2	Fairbanks Morse	General Electric	125	165	3.0	M	R
8100 S. University Blvd.	3	Fairbanks Morse	General Electric	125	165	3.0	M	R
	4	Fairbanks Morse	General Electric	125	165	3.0	M	R
	5	DeLaval	Ideal Electric	350	165	10.0	M	R
	6	DeLaval	Ideal Electric	350	165	10.0	M	R
	7	DeLaval	Ideal Electric	350	165	10.0	M	R
				1,550		42.0		
HIGHLANDS (5,704)	1	Gould	General Electric	900	260	15.0	M	R
(High Pressure)	4	Gould	General Electric	900	260	15.0	M	R
8100 S. University Blvd.	6	Gould	General Electric	300	110	10.0	M	R
	7	Gould	General Electric	300	110	10.0	M	R
	8	Gould	General Electric	150	110	5.0	M	R
	9	Gould	General Electric	150	110	5.0	M	R
				2,700		60.0		
HILLCREST (5,602)	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M	R
(Low Pressure)	2	Allis Chalmers	Allis Chalmers	100	167	2.0	M	R
4200 S. Happy Canyon Rd.	3	DeLaval	Electric Machinery	200	163	5.0	M	R
	4	DeLaval	Electric Machinery	400	163	11.0	M	R
	5	DeLaval	Electric Machinery	400	163	11.0	M	R
	6	Worthington	Fairbanks Morse	400	163	11.0	M	R
	7	Worthington	Fairbanks Morse	400	163	11.0	M	R
				1,950		52.0		
HILLCREST (5,602)	8	American Marsh	Westinghouse	75	320	0.8	M	R
(High Pressure)	10	DeLaval	Electric Machinery	350	313	4.8	M	R
4200 S. Happy Canyon Rd.	11	DeLaval	Electric Machinery	800	315	10.5	M	R
	12	DeLaval	Electric Machinery	800	315	10.5	M	R
	13	Patterson	Ideal Electric	900	320	10.0	M	R
				2,925		36.6		
KENDRICK (5,607)	1	Patterson	Ideal Electric	300	120	10.0	M	R
(Low Pressure)	2	DeLaval	General Electric	300	117	10.0	M	R
9380 W. Jewell Ave.	3	Worthington	General Electric	75	119	2.9	M	R
	4	Worthington	General Electric	75	119	2.9	M	R
	5	Worthington	General Electric	75	119	2.9	M	R
				825		28.7		

[1]M=Manual, R=Remote, L=Local

(Continued next page)

PUMPING STATION CAPACITIES - 2003 (Continued)

Center of pump U.S.G.S. elevation in parenthese

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0	M R
(High Pressure)	8	Worthington	Electric Machinery	800	260	10.0	M R
9380 W. Jewell Ave.	9	Goulds	Waukesha[3]	700	260	10.0	M R
	10	DeLaval	Waukesha[3]	400	260	5.0	M R
	11	Patterson	Ideal Electric	700	260	10.0	M R
				3,400		45.0	
LAKERIDGE (5,516)	1	American	United States	50	120	1.7	M R
2700 S. Raleigh St.	2	Pacific	Ideal Electric	75	120	2.9	M R
	3	Pacific	Ideal Electric	75	120	2.9	M R
	4	Allis Chalmers	Allis Chalmers	50	120	2.0	M R
				250		9.5	
LAMAR (5,443)[2]	1	Worthington	Marathon Electric	100	120	2.9	M R
6301 W. Yale Ave.	2	Worthington	Marathon Electric	100	120	2.9	M R
	3	Worthington	Fairbanks Morse	75	120	2.0	M R
				275		7.8	
LONE TREE (5,904)	3	Gould	Siemens & Allis	300	127	10.0	M R
(Low Pressure)	4	Gould	Siemens & Allis	150	127	5.0	M R
7700 E. Chapparel Rd.	5	Gould	Siemens & Allis	150	127	5.0	M R
				600		20.0	
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0	M R
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0	M R
7700 E. Chapparel Rd.	8	Gould	Siemens & Allis	600	227	10.0	M R
				1,500		25.0	
MARSTON (5,485)	1	Worthington	Waukesha[3]	700	166	20.0	M R
(Low Pressure)	2	Worthington	General Electric	700	166	20.0	M R
5700 W. Quincy Ave.	3	Worthington	General Electric	700	166	20.0	M R
	4	Worthington	General Electric	700	166	20.0	M R
	5	Worthington	General Electric	700	166	20.0	M R
				3,500		100.0	
MARSTON (5,485)							
(High Pressure)							
5700 W. Quincy Ave.	8	Patterson	Waukesha[3]	400	260	6.5	M R
	9	Ingersoll-Rand	Reliance Electric	500	260	8.0	M R
	10	Patterson	Ideal Electric	900	260	15.0	M R
	11	Patterson	Ideal Electric	900	260	15.0	M R
				2,700		44.5	
SIXTY-FOURTH AVENUE (5,427)	3	Fairbanks Morse	United States	100	90	5.0	M R
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0	M R
21850 E. 64th Ave.				300		15.0	
SIXTY-FOURTH AVENUE (5,427)	1	Fairbanks Morse	United States	400	170	10.0	M R
(High Pressure)							
21850 E. 64th Ave.							
			Grand Total	53,375		1,077.1	

Note: City Datum = 5,172.91

[1]M=Manual, R=Remote, L=Local

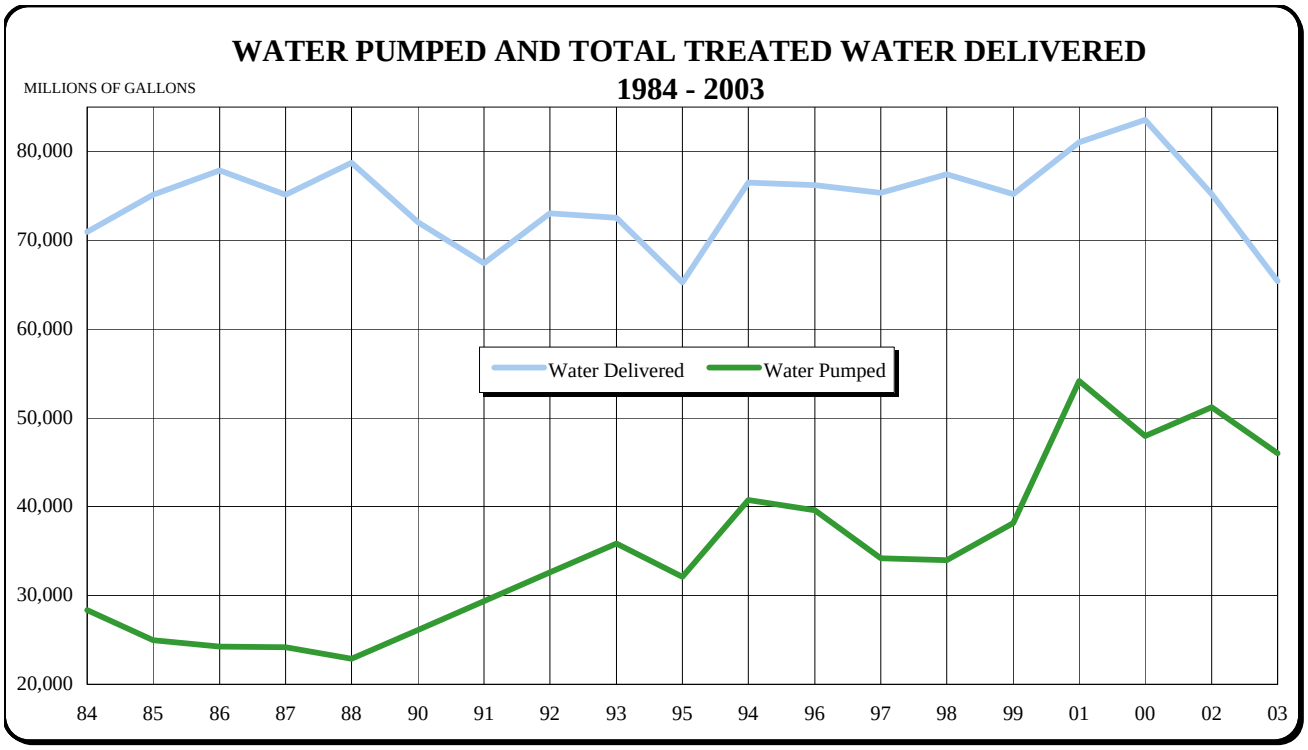
[2]Vault Type Structure (underground)

[3]Natural Gas Engine

WATER PUMPED AND POWER COSTS: 1984 - 2003

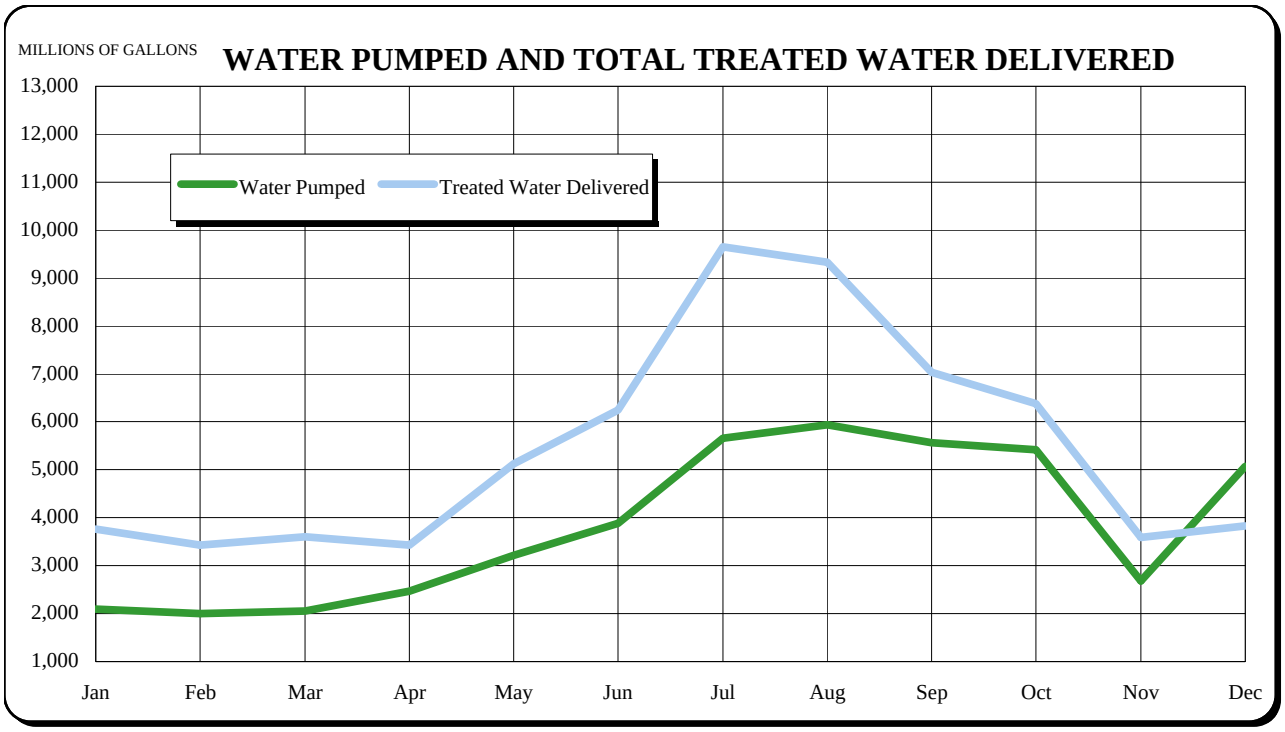
Year	Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps Number	Pumps Capacity (million gals.)	Total Pumping Power Used (kwh)	Gas Used (dth)	Total Power, Electric and Gas Costs[1]
1984	28,378.59	70,930.52	121	1,088.1	36,468,802	-	$2,316,083
1985	25,000.29	75,100.00	128	1,182.2	34,963,885	-	$2,114,549
1986	24,237.58	77,887.63	129	1,203.6	27,464,812	-	$1,895,623
1987	24,158.20	75,162.49	127	1,201.8	28,220,134	-	$1,818,839
1988	22,870.50	78,718.55	118	1,156.8	23,762,950	-	$1,572,461
1989 [2]	27,724.95	77,262.29	118	1,156.8	27,181,894	-	$1,859,268
1990 [2]	26,089.81	72,043.94	113	1,091.8	27,734,829	-	$1,814,124
1991	29,349.37	67,435.91	113	1,091.8	27,167,261	-	$1,778,200
1992	32,613.51	73,043.27	113	1,091.8	29,349,535	-	$1,782,578
1993	35,826.13	72,562.61	113	1,091.8	31,537,298	-	$1,800,790
1994	40,720.24	76,516.08	116	1,116.8	36,619,984	-	$1,949,520
1995	32,115.03	65,267.91	116	1,116.8	30,722,542	-	$1,783,567
1996	39,578.30	76,203.96	105	1,027.5	40,222,555	-	$2,638,872
1997	34,179.67	75,363.33	105	1,027.5	31,876,334	23,055	$1,997,924
1998	33,990.21	77,466.65	105	1,027.5	30,170,882	38,331	$1,881,873
1999	38,149.92	75,232.01	106	1,052.5	33,378,202	18,927	$1,915,984
2000	47,953.92	83,585.25	106	1,052.5	39,257,987	20,159	$2,166,806
2001	54,161.28	81,051.42	106	1,052.5	42,691,836	15,096	$2,774,857
2002	51,205.33	75,221.18	109	1,070.6	46,058,108	7,217	$1,986,429
2003	46,030.79	65,399.47	110	1,077.1	33,489,508	1,858	$2,322,558

[1]Total energy costs for all Denver metropolitan area Board water distribution facilities.
[2]Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.



WATER PUMPED MONTHLY - 2003
(millions of gallons)

	Water Pumped	Total Treated Water Delivered		Water Pumped	Total Treated Water Delivered
January	2,089.15	3,767.65	August	5,939.51	9,335.23
February	1,998.34	3,430.85	September	5,564.40	7,029.48
March	2,055.71	3,597.82	October	5,413.62	6,376.63
April	2,465.11	3,428.71	November	2,686.29	3,588.08
May	3,214.68	5,127.50	December	5,068.89	3,825.44
June	3,880.50	6,246.32			
July	5,654.59	9,645.76	Total Year	46,030.79	65,399.47



WATER PUMPED BY STATION - 2003
(millions of gallons)

Belleview (Low)	870.58	Hillcrest (High)	1,657.58
Belleview (High)	2530.95	Kendrick (Low)	550.57
Broomfield	2,134.59	Kendrick (High)	2,863.21
Capital Hill	1,144.93	Lakeridge	1,020.31
Chatfield (Low)	1,403.05	Lamar	939.82
Chatfield (High)	639.98	Lone Tree (Low)	155.65
Cherry Hills	3,763.87	Lone Tree (High)	1,362.03
Clarkson Street	580.49	Marston (Low)	3,353.53
Einfeldt	1,772.93	Marston (High)	1,338.42
Fifty-Sixth Avenue	5,517.20	Sixty-Fourth Ave. (High)	197.90
Green Mountain	1,547.57	Sixty-Fourth Ave. (Low)	19.98
Highlands (Low)	3,832.31		
Highlands (High)	6,255.96	Total	46,030.79
Hillcrest (Low)	577.38		

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 200

High water U.S.G.S. elevation in parentheses

		Capacity (million gals.)
Alameda & Beech (6,042)[1]		
	Number 1	1.0
	Number 2	2.0
		3.0
Ashland (5,430)		
	East Basin	19.1
	West Basin	21.9
		41.0
Belleview (5,743)		10.0
Broomfield (5,335)		
	Number 1	2.5
	Number 2	2.5
		5.0
Broomfield Tank (5,534)[1]		
	Number 1	3.0
	Number 2	3.0
		6.0
Capitol Hill (5,395)		
	Number 1	23.4
	Number 3	27.0
		50.4
Chatfield Tank (5,740)		
	Number 1	5.0
	Number 2	5.0
		10.0
Colorow (6007)		3.7
Fifty-Sixth Avenue (5,223)		15.0
Foothills (5,860)		
	Number 1	25.0
	Number 2	25.0
	Number 3	25.0
		75.0
Green Mountain (5,859)		5.0
Highlands (5,722)		
	Number 1	3.3
	Number 2	3.2
	Number 3	13.5
		20.0

		Capacity (million gals.)
Hillcrest (5,624)		
	Number 1	14.8
	Number 2	14.8
		29.6
Hogback (6,007)		3.95
KenCaryl Ranch (6,410)[1]		
	Number 3	2.0
	Number 4	2.0
		4.0
Kendrick (5,627)		15.0
Lone Tree (5,930)		10.0
Marston Treatment (5,497)		
	Number 3	6.8
	Number 4	9.2
		16.0
Moffat Treatment (5,620)		
	Number 1	4.3
	Number 2	4.3
	Number 3	5.0
	Number 4	4.4
		18.0
Sixty-Fourth Avenue (5,460)		15.0
Southgate (6,123)[1]		
	Number 1	2.0
	Number 2	6.0
		8.0
Utah Tank (6,042)[1]		3.0
Valley Tank (6,000)[1]		2.0
Willows Tank (5868)[1]		
	Number 1	2.8
	Number 2	5.2
		8.0
Total Capacity		376.65

[1]Not Owned by Denver Water.

RAW WATER PUMPING STATIONS

Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
			Total	630	150	92.2

Treatment and Water Quality

2003 Facts

Treated water consumption……	65,399.47	MG
Decrease from 2001……	(9,821.71)	MG
Average daily consumption……	179.18	MG
Maximum daily consumption:		
(July 22)……	370.05	MG
Maximum hour treated water use rate:		
(July 13, at 10:00 p.m.)……	775.23	MGD
Water Quality:		
Total samples collected……	11,996	
Microbiological analyses completed……	9,579	
Chemical analyses completed……..……..……	31,060	

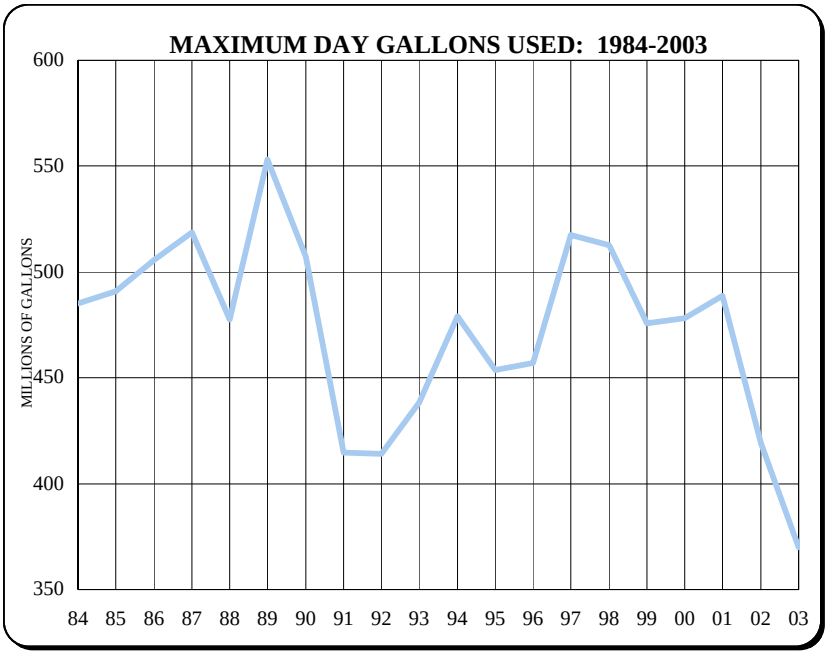
CONSUMPTION OF TREATED WATER: 1984 - 2003

Year	Acre-Feet	(million gallons) Annual	Daily Avg.	Daily Max.	Population July 1[1]	Avg. Daily Gals. Per Capita	Precipitation in Inches[2] Year	4/1 to 9/30
1984	217,682	70,931.87	193.80	485.04	862,000	225	19.65	11.28
1985	233,141	75,969.34	208.14	490.84	870,000	239	16.74	11.77
1986	239,039	77,891.17	213.40	505.80	875,000	244	15.62	9.65
1987	230,665	75,162.49	205.92	518.55	879,000	234	22.37	13.08
1988	241,578	78,718.55	215.08	477.65	879,000	245	15.59	11.71
1989	237,342	77,338.15	211.89	553.29	887,000	239	14.69	10.86
1990	221,095	72,043.94	197.38	507.12	891,000	222	17.14	9.60
1991	206,953	67,435.91	184.76	414.79	900,000 [3]	205	18.97	14.02
1992	224,162	73,043.27	199.57	414.11	912,000	219	16.35	8.83
1993	222,686	72,562.61	198.80	438.20	926,000	215	15.22	9.39
1994	234,819	76,516.08	209.63	479.01	938,000	223	12.79	7.80
1995	200,300	65,267.91	178.82	453.55	949,000	188	20.56	17.63
1996	233,861	76,203.96	208.21	456.99	966,000	216	14.78	11.25
1997	231,282	75,363.33	206.47	517.57	980,000	211	19.95	14.44
1998	237,764	77,475.48	212.26	512.53	996,000	213	17.98	13.18
1999	230,879	75,232.01	206.12	475.66	1,012,000	204	19.76	16.86
2000	256,514	83,585.25	228.38	478.19	1,036,000	220	14.29	10.15
2001	248,748	81,054.72	222.07	488.71	1,052,000	211	16.93	12.72
2002	230,845	75,221.18	206.09	419.20	1,076,000	192	9.42	6.43
2003	200,704	65,399.47	179.18	370.05	1,081,000	166	16.39	9.37

[1]Population estimates are treated water customers only.

[2]Precipitation readings are the averages of Stapleton, Lakewood, Cherry Creek Dam, and Kassler measurement station

[3]Revised data from 1991 to 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth. Beginning 2001, population data reflects integration of new Geographical Information System (GIS) methodology.



TREATMENT PLANT CAPACITY

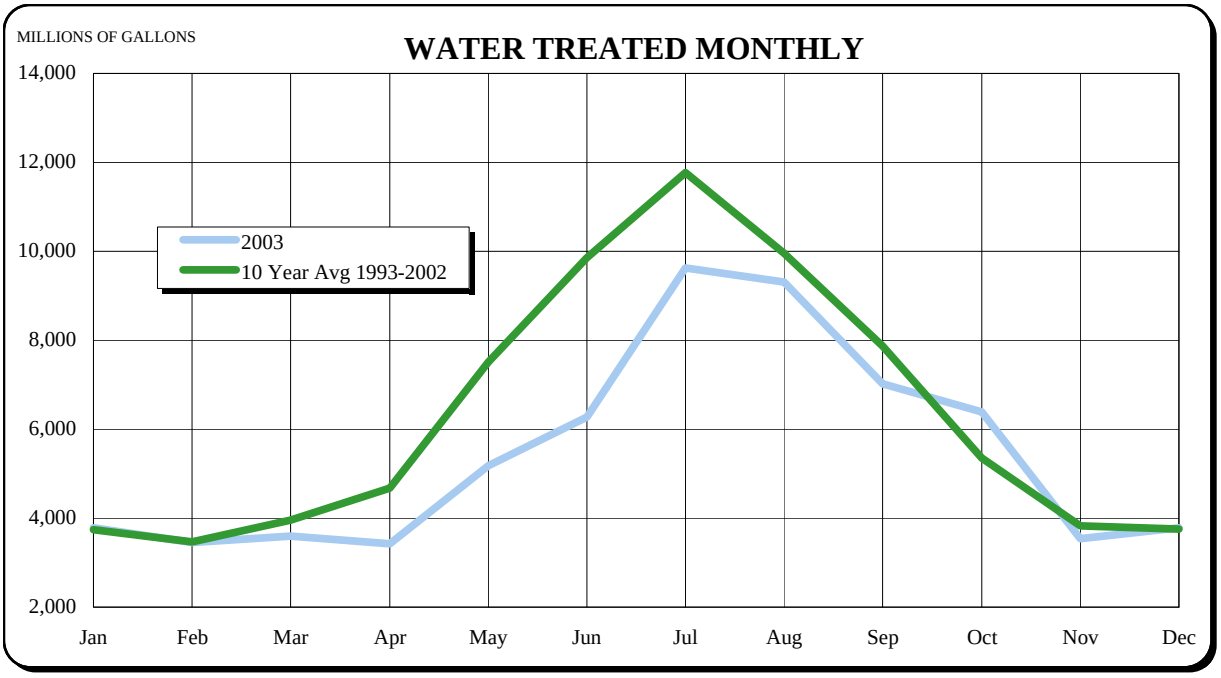
Plant	Type	Capacity in MGD
Foothill	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		715.0

WATER TREATED MONTHLY - 2003
(millions of gallons)

	Foothills Filters	Marston Filters	Moffat Filters	Centennial [1] Filters	Total
January	3,520.28	-	212.80	49.99	3,783.07
February	3,208.45	-	-	239.28	3,447.73
March	2,820.97	-	511.43	266.67	3,599.07
April	1,815.05	1,534.16	10.48	63.49	3,423.18
May	2,787.88	1,237.12	1,160.87	-	5,185.87
June	2,947.71	900.67	2,429.77	-	6,278.15
July	4,973.04	1,170.12	3,480.44	-	9,623.60
August	6,307.34	1,214.48	1,794.61	-	9,316.43
September	4,782.59	781.95	1,454.77	-	7,019.31
October	3,165.99	1,785.71	1,434.69	-	6,386.39
November	2,105.75	859.58	575.25	-	3,540.58
December	70.03	3,040.05	669.06	-	3,779.14
Total	38,505.08	12,523.84	13,734.17	619.43	65,382.52

Note: Totals are based on multiple totalizer meter readings at various treatment plant sites. The accuracy of the readings varies within the limits inherent to each water meter.

[1] Denver Water supply treated by Centennial Treatment Plant not owned by Denver Water



RECONCILIATION OF WATER TREATED TO WATER DELIVERED/CONSUMED:

Total Water Treated for the Year	65,382.52	MG
Change In Clear Water Storage	16.95	MG
Total Treated Water Delivered/Consumed for the Year	65,399.47	MG

CHEMICAL TREATMENT AND ANALYSIS
TREATED WATER IN DISTRIBUTION SYSTEM - 2003

CHEMICAL TREATMENT

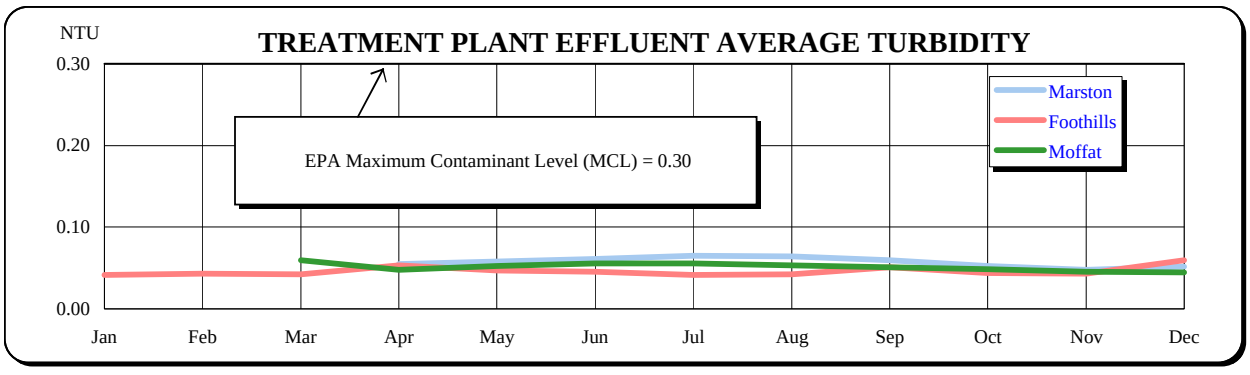
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	20,275,333	$1,670,765
Moffat	8,952,115	759,641
Marston	6,824,116	610,106
Recycling	14,355	3,625
	36,065,919	$3,044,138

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

Month	Number of Samples	Number of Positives	% Positive
January	574	-	-
February	495	-	-
March	385	-	-
April	604	1	0.17%
May	509	-	-
June	545	3	0.55%
July	573	2	0.35%
August	535	2	0.37%
September	574	-	-
October	570	1	0.18%
November	404	1	0.25%
December	474	-	-
	6,242	10	0.16%

The total coliform group of bacteria is a microbiological indicator used to determine the safety of drinking water for human consumption. The EPA and the Colorado Department of Public Health and Environment require that Denver Water test a minimum of 300 treated wate samples each month for total coliforms. The Maximum Contaminant Level (MCL) for total coliform specifies that no more than 5% of t samples taken each month may be positive. All positive samples were further analyzed to determine if E. coli bacteria were present, which would indicate possible contamination from a fecal source. There were no E. coli positive samples in 2003.



Turbidity is a measure of the clarity of the water. EPA has established 0.30 NTU as the MCL for turbidity.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2003

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as $CaCO_3$		59	52	21
Chlorine, Total		1.44	1.52	1.53
Hardness as $CaCO_3$		105	89	34
pH (SU)		7.7	7.8	7.8
Specific Conductance (µS)		328	292	110
Temperature (°C)		12	12	14
Total Dissolved Solids		197	175	68
Turbidity (NTU)	0.30	0.06	0.05	0.05
Metals (mg/L)				
Aluminum, Available		<0.02	0.03	<0.02
Aluminum		0.025	0.064	<0.02
Barium	2	0.044	0.043	0.018
Calcium		32.0	27.4	10.8
Copper	TT[1]	<0.006	<0.006	<0.006
Magnesium		7.5	6.0	2.0
Manganese		0.007	<0.006	<0.006
Molybdenum		0.025	0.027	<0.005
Potassium		2.5	2.1	0.7
Sodium		22.6	18.2	6.9
Strontium		0.22	0.14	0.05
Zinc		<0.003	<0.003	<0.003
Ions (mg/L)				
Chloride		27.9	21.3	4.6
Fluoride	4.0	0.88	0.89	0.91
Nitrate-Nitrogen	10	0.26	0.20	0.11
Silicon		1.9	2.8	3.2
Sulfate		60.4	56.8	19.3
Radiological (pCi/L)				
Beta, Total	4 mRem ≈ 50 pCi/L	2.8	<2	2.5
Uranium (µg/L)	30	<2	<2	<2
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		4.6	0.88	2.0

(Continued next page)

[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2003 (Continued)

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		1.5	1.7	1.2
1,1-Dichloropropanone		1.1	0.8	0.6
Bromochloroacetic acid		1.4	1.6	<0.5
Bromochloroacetonitrile		0.4	0.4	<0.2
Bromodichloroacetic acid		3	4	<1
Bromodichloromethane		6.9	8.0	1.7
Bromoform		<0.4	<0.4	<0.4
Chloral hydrate		1.4	3.0	1.2
Chlorodibromoacetic acid		<2	2	<2
Chloroform		10.5	29.3	14.0
Chloropicrin		<0.4	0.6	0.4
Cyanogen chloride		6.3	18.0	6.5
Dibromoacetic acid		<0.5	0.5	<0.5
Dibromochloromethane		2.5	1.1	<0.5
Dichloroacetic acid		6.3	12.2	7.9
Dichloroacetonitrile		1.4	2.6	1.3
Haloacetic Acids (5)	60	12	27	15
Total Trihalomethanes	80	20	39	15
Trichloroacetic acid		5.2	14.6	6.8
Nonspecific Organics				
Total Organic Halogen (µg/L)		167	234	143

[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

The following analyses were performed and each of these constituents was either not detected or the average result was less than the limit of detection. The Maximum Contaminant Level is listed after the analysis in parentheses, if applicable. The unit of measure is also listed if different than that listed for the subsection.

General
Chlorine, Free
Metals (mg/L)
Antimony (0.006)
Arsenic (0.05)
Beryllium (0.004)
Cadmium (0.005)
Chromium (0.1)
Cobalt
Iron
Lead (TT[1])
Lithium
Mercury, Total (0.002)
Nickel (0.1)
Selenium (0.05)
Silver
Thallium (0.002)
Titanium
Vanadium
Ions (mg/L)
Ammonia-Nitrogen
Bromide
Cyanide, Total (0.2)
Nitrite-Nitrogen (1)
Ortho Phosphorus, Dissolved
Perchlorate
Radiological (pCi/L)
Alpha, Total (15)
Plutonium 239 + 240
Radium-226, 228
Radon 222
Strontium 89 + 90
Microbiological
Cryptosporidium
Giardia (TT[1])
Plankton
Total Coliform (DS)
Volatile Organic Compounds (µg/L)
1,1,1,2-Tetrachloroethane
1,1,1-Trichloroethane (200)
1,1,2,2-Tetrachloroethane
1,1,2-Trichloroethane (5)
1,1-Dichloroethene (7)
1,1-Dichloropropene
1,2,3-Trichloropropane
1,2,4-Trichlorobenzene (70)
1,2,4-Trimethylbenzene
1,2-Dichloroethane (5)
1,2-Dichloropropane (5)
1,3,5-Trimethylbenzene
1,3-Dichloropropane
2,2-Dichloropropane
2-Butanone
4-Methyl-2-Pentanone
Benzene (5)
Bromobenzene
Bromochloromethane
Bromomethane
Chlorobenzene (100)
Chloroethane
Chloromethane
cis-1,2-Dichloroethene (70)
cis-1,3-Dichloropropene
Dibromomethane
Dichlorodifluoromethane
Dichloromethane (5)
Ethyl Benzene (700)
Hexachlorobutadiene
Isopropyl Benzene
m-Dichlorobenzene
Methyl tert-butylether
Naphthalene
n-Butyl Benzene
Nitrobenzene
n-Propyl Benzene
o-Chlorotoluene
o-Dichlorobenzene (600)
p-Chlorotoluene
p-Dichlorobenzene (78.5)
p-Isopropyl Toluene
sec-Butyl Benzene
Styrene (100)
tert-Butyl Benzene
Tetrachloroethene (5)
Toluene (1000)
trans-1,2-Dichloroethene (100)
trans-1,3-Dichloropropene
Trichloroethylene (5)
Trichlorofluoromethane
Vinyl Chloride (2)
Xylenes (10000)
Disinfection By-Products (µg/L)
Carbon tetrachloride (5)
Chlorodibromoacetic acid
Chloropicrin
Dibromoacetonitrile
Monobromoacetic Acid
Monochloroacetic Acid
N-nitrosodimethylamine
Trichloroacetonitrile
Pesticides (µg/L)
1,2-Dibromo-3-chloropropane (0.2)
2,4,5-T
2,4-D (70)
2,4-DB
3,5-Dichlorobenzoic acid
3-Hydroxycarbofuran
4,4'-DDD
4,4'-DDE
4,4'-DDT
α-BHC
Acetochlor
Acifluourfen
Alachlor (2)
Aldicarb
Aldicarb sulfoxide
Aldrin
Anilazine
Aspon
Atrazine (3)
β-BHC
Bendiocarb
Benfluralin
Bentazon
Bolstar
Bromacil
Butachlor
Carbaryl
Carbofuran (40)
Carbophenothion
Carboxin
Chlordane (2)
Chlorfenvinphos
Chlorneb
Chlorobenzilate
Chloropropylate
Chlorothalonil
Clomazone
Clopyralid
Coumaphos
Crotoxyphos
Dalapon (200)
δ-BHC
Demeton O
Demeton S
Desethylatrizine
Diazinon
Dicamba
Dichlobenil
Dichlofenthion
Dichloran
Dichlorprop
Dichlorvos
Dicrotophos
Dieldrin
Dimethoate
Dinoseb (7)
Dioxathion
Diquat (100)
Disulfoton
Disulfoton sulfone
Disulfoton sulfoxide
Diuron
Dursban
Endothall (100)
Endrin (2)
Endrin Aldehyde
EPN
EPTC
Erucylamide
Esfenvalerate
Ethalfluralin
Ethion
Ethofumesate
Ethylene dibromide (0.05)
Famphur
Fenamiphos
Fenitrothion
Fensulfothion
Fenthion
Fluchloralin
Fluometuron
Fonofos
Glyphosate (700)
Heptachlor (0.4)
Heptachlor Epoxide (0.2)
Hexachlorocyclopentadiene (50)
Iprodione
Isofenphos
Leptophos
Lindane (0.2)
Linuron
Malathion
Merphos
Metalaxyl
Methiocarb
Methomyl
Methoxychlor (40)
Methyl parathion
Metolachlor
Metribuzin
Molinate
Monocrotophos
Naled
Norflurazon
Oryzalin
Oxadiazon
Oxamyl (200)
Oxyfluorfen
Paraquat
Parathion
PCNB
Pendimethalin
Phorate
Phosmet
Phosphamidon
Picloram (500)
Profluralin
Prometon
Prometryn
Propachlor
Propanil
Propoxur
Prothiofos
Silvex (50)
Simazine (4)
Sulfotep
TEPP
Terbacil
Terbufos
Thiabendazole
Thiobencarb
Thionazin
Total Dacthal Acid degradates
Toxaphene (3)
Tribufos
Trichlorfon
Trichloronate
Trifluralin
Vinclozolin
Synthetic Organic Compounds (µg/L)
1-Methylnaphthalene
1,2-Diphenylhydrazine
2-Methylnaphthalene
2,4-Dichlorophenol
2,4-Dinitrophenol
2,4-Dinitrotoluene
2,4,6-Trichlorophenol
2,6-Dinitrotoluene
2-Methylphenol
Acenaphthylene
Anthracene

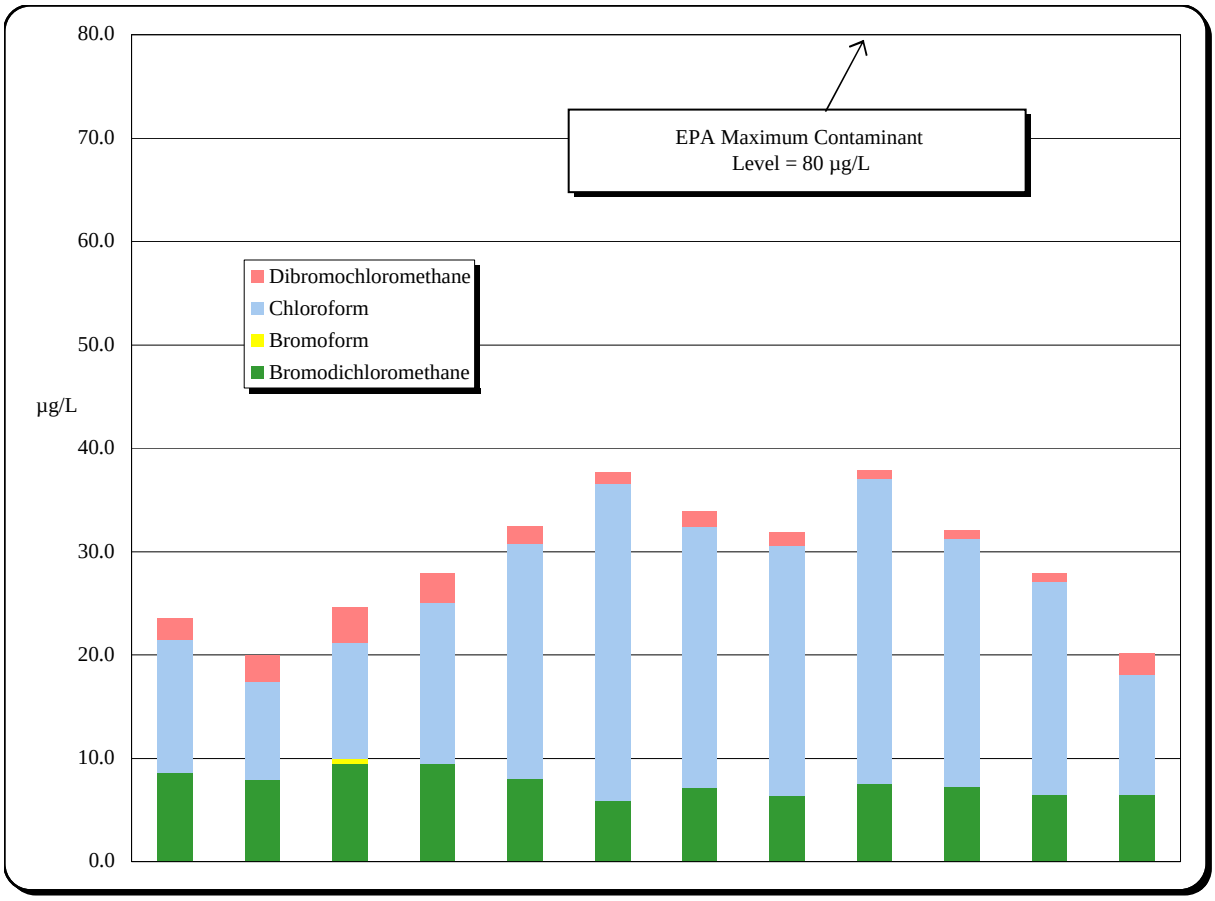
[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2003 (Continued)

Benzo(a)anthracene	Bis(2-ethylhexyl)phthalate	Di-n-butyl phthalate	Isophorone
Benzo(a)pyrene (0.2)	Butyl benzyl phthalate	Di-n-octyl phthalate	Pentachlorobenzene
Benzo(b)fluoranthene	Chrysene	Fluoranthene	Pentachlorophenol (1)
Benzo(g,h,i)perylene	Dibenzo(a,h)anthracene	Fluorene	Phenanthrene
Benzo(k)fluoranthene	Diethyl phthalate	Hexachlorobenzene (1)	Polychlorinated Biphenyls (0.5)
Bis(2-ethylhexyl)adipate (400)	Dimethyl phthalate	Indeno(1,2,3-cd)pyrene	Pyrene

1 TT indicates that the MCL involves treatment techniques.
2 DS indicates that the MCL involves calculations based upon the entire distribution system.

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2003



Trihalomethanes (THMs) are organic compounds formed when chlorine disinfectant is added to the water. The use of chlorine and other chlorine-based disinfectant compounds is mandated by health regulatory agencies to eliminate microbiological contaminants from drinking water. The creation of THMs is a consequence of this necessary practice. THMs are comprised of four individual compounds. EPA has established 80 mg/L as the MCL for Total Trihalomethanes (the sum of the four individual compounds). The amounts present in the Denver distribution system are consistently below the 80 mg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 2003

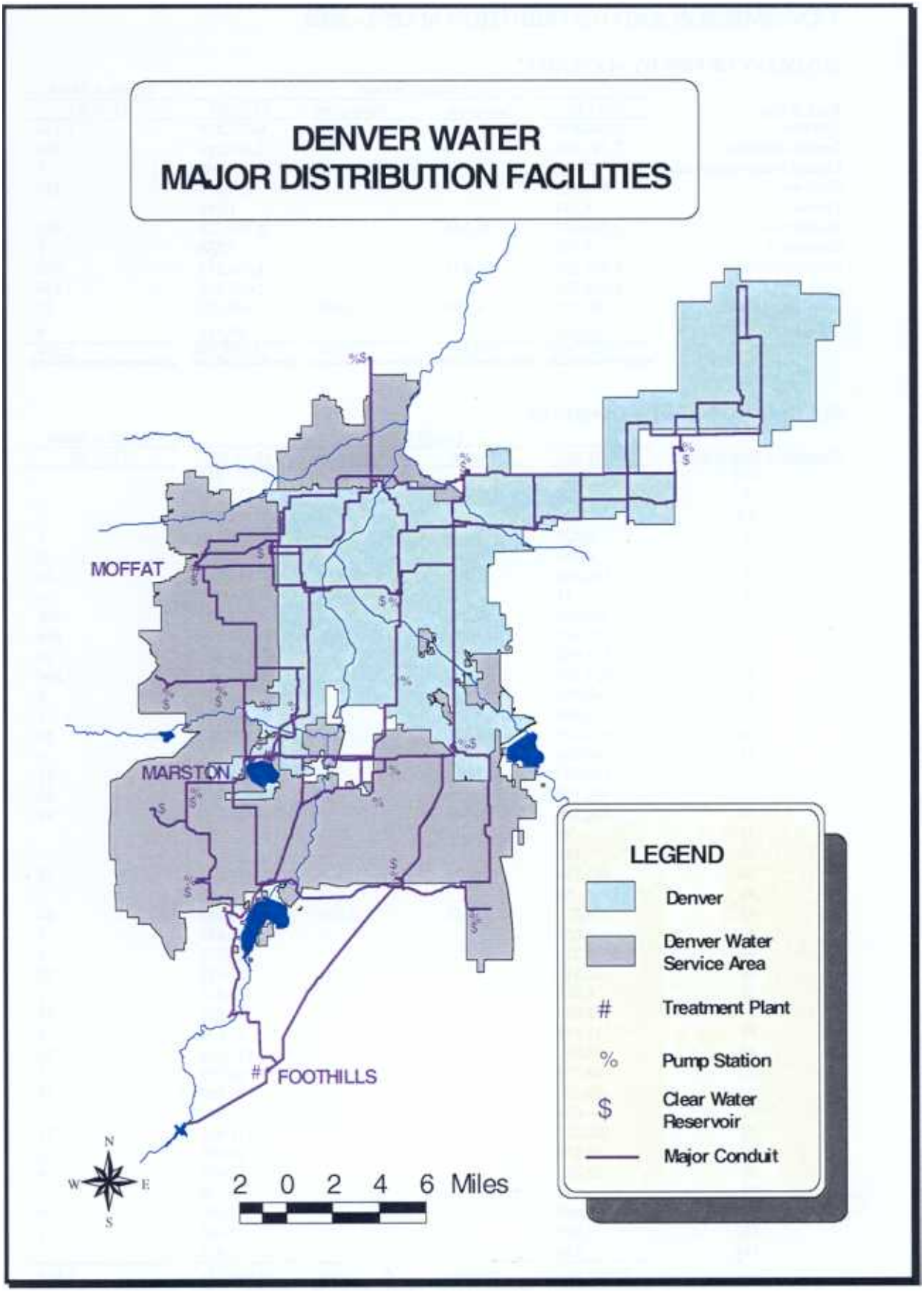
Samples Collected:	
Watershed	433
Treatment plant	1,573
Distribution system	7,173
Other	2,817
	11,996

Analyses Performed:	
Microbiological	9,579
Chemical	31,060
	40,639

Transmission and Distribution

2003 Facts

Miles of pipe installed	21.0
Miles of pipe in system	2,574
Miles of nonpotable pipe in system	23.5
Number of valves operated and maintained	41,731
Number of nonpotable valves in system	147
Number of hydrants operated and maintained	14,648
Leak Detection Program:	
Miles of pipe surveyed	507
Visible leaks pinpointed	90
Non-visible leaks detected	50


DENVER WATER
MAJOR DISTRIBUTION FACILITIES
MOFFAT
MARSTON
FOOTHILLS
LEGEND
Denver
Denver Water Service Area
Treatment Plant
Pump Station
Clear Water Reservoir
Major Conduit
N
W
E
S
2 0 2 4 6 Miles

TRANSMISSION AND DISTRIBUTION MAINS - 2003

SUMMARY OF PIPE BY MATERIAL[1]

	Length in Feet				Length in Miles
Kind of Pipe	12-31-02	Additions	Reductions	12-31-03	12-31-03
Cast iron	6,040,894	-	1,439	6,042,333	1,144
Cement Asbestos	1,391,184	-	27	1,391,211	263
Cement Mortar coated steel	27,992	-	-	27,992	5
Concrete	859,072	-	-	859,072	163
Copper	1,141	-	-	1,141	-
Ductile iron	2,364,037	16,242	-	2,380,279	451
Galvanized	7,755	-	-	7,755	1
Polyvinyl chloride	1,312,382	87,831	-	1,400,213	265
Steel	1,022,306	-	-	1,022,306	194
Steel -tape coated	397,373	6,780	3,200	407,353	77
Unknown[2]	49,516	-	-	49,516	9
	13,473,652	110,853	4,666	13,589,171	2,574

SUMMARY OF PIPE BY DIAMETER[1]

	Length in Feet				Length in Miles
Diameter of Pipe in Inches	12-31-02	Additions	Reductions	12-31-03	12-31-03
0.75	413	-	-	413	-
1	778	-	-	778	-
1.5	2,019	-	-	2,019	-
2	3,128	-	-	3,128	1
3	8,480	-	-	8,480	2
4	136,585	205	139	136,929	26
5	11	-	-	11	-
6	4,202,429	10,260	-	4,212,689	798
8	3,295,743	61,577	1,327	3,358,647	636
10	135,602	-	-	135,602	26
12	2,614,327	23,058	-	2,637,385	500
14	44,293	-	-	44,293	8
15	4,499	-	-	4,499	1
16	419,070	1,316	-	420,386	80
18	49,854	-	-	49,854	9
20	116,523	2,282	-	118,805	23
24	448,140	-	-	448,140	85
30	430,520	5,490	-	436,010	83
31	29	-	-	29	-
33	185	-	-	185	-
36	499,774	70	-	499,844	95
40	57	-	-	57	-
42	226,377	3,665	3,200	233,242	44
45	4,638	-	-	4,638	1
46	23,272	-	-	23,272	4
48	133,515	-	-	133,515	25
51	6,514	-	-	6,514	1
54	172,084	-	-	172,084	33
57	12,858	-	-	12,858	2
60	175,812	-	-	175,812	33
63	16,779	-	-	16,779	3
66	78,182	-	-	78,182	15
67	692	-	-	692	-
72	108,522	2,930	-	111,452	21
84	16,656	-	-	16,656	3
90	32,635	-	-	32,635	6
96	50	-	-	50	-
108	48,687	-	-	48,687	9
120	3,102	-	-	3,102	1
144	818	-	-	818	-
	13,473,652	110,853	4,666	13,589,171	2,574

[1]Mains within the City and Total Service Contract Areas.

[2]Unknown pipe material is assumed to be cast iron.

VALVES - 2003

SUMMARY OF VALVES BY TYPE[1]

Type of Valve	12-31-02	Additions	Reductions	12-31-03
Air vacuum valve	1,280	32	2	1,310
Ball valve	7	-	-	7
Blowoff valve	2,579	30	1	2,608
Butterfly valve	917	25	1	941
Check valve	20	-	-	20
Cone valve	19	-	-	19
Gate valve	35,342	582	-	35,924
Hub valve	5	-	-	5
MacDougall blowoff valve	132	-	-	132
Pito (Corp stop)	585	5	-	590
Pressure regulating valve	159	-	-	159
Unknown	11	-	-	11
Vacuum valve	5	-	-	5
	41,061	674	4	41,731

SUMMARY OF VALVES BY DIAMETER[1]

Diameter of Valve	12-31-02	Additions	Reductions	12-31-03
1	914	-	-	914
2	2,090	5	2	2,093
2.5	1	-	-	1
3	71	-	-	71
4	1,142	41	-	1,183
6	14,111	96	-	14,207
8	11,597	329	-	11,926
10	455	-	-	455
12	9,118	178	-	9,296
14	65	-	-	65
15	2	-	-	2
16	277	1	-	278
18	45	-	-	45
20	183	6	-	189
24	499	1	-	500
30	185	3	-	188
36	148	1	1	148
42	56	11	-	67
48	56	-	1	55
54	20	-	-	20
60	22	2	-	24
72	4	-	-	4
	41,061	674	4	41,731

[1]Valves within the City and Total Service Contract Areas.

FIRE HYDRANTS - 2003

FIRE HYDRANTS[1]

Size in Inches	Total Hydrants 12-31-02	Additions	Reductions	12-31-03
4	17	-	-	17
6	14,363	301	33	14,631
	14,380	301	33	14,648

FIRE HYDRANT BRANCH PIPE[1]

Size in Inches	Kind of Pipe	Length in Feet 12-31-02	Additions	Reductions	12-31-03
4	Cast iron	304	-	-	304
4	Ductile iron	34	-	-	34
6	Cast iron	160,121	-	523	159,598
6	Cement asbestos	2,591	-	-	2,591
6	Ductile iron	132,063	4,257	69	136,251
6	Polyvinylchloride	943	-	-	943
6	Steel	19,088	-	-	19,088
6	Unknown	25,963	-	-	25,963
		341,107	4,257	592	344,772

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL[1]

Kind of Pipe	Length in Feet 12-31-02	Additions	Reductions	12-31-03
Cast iron	160,425	-	523	159,902
Cement asbestos	2,591	-	-	2,591
Ductile iron	132,097	4,257	69	136,285
Polyvinylchloride	943	-	-	943
Steel	19,088	-	-	19,088
Unknown	25,963	-	-	25,963
	341,107	4,257	592	344,772

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER[1]

Size in Inches	Length in Feet 12-31-02	Additions	Reductions	12-31-03
4	338	-	-	338
6	340,769	4,257	592	344,434
	341,107	4,257	592	344,772

[1]Fire hydrants and branch pipe within the City and Total Service Contract Areas.

NONPOTABLE MAINS AND VALVES - 2003

NONPOTABLE MAINS

Size	Kind of Pipe	Length in Feet 12-31-02	Additions[1]	Reductions	12-31-03
4"	PVC	3,327	-	-	3,327
6"	PVC	2,216	-	-	2,216
8"	PVC	7,110	-	-	7,110
8"	Steel	61	-	-	61
10"	Steel	22	-	-	22
12"	Steel	10,307	-	-	10,307
12"	PVC	21,572	-	-	21,572
16"	PVC	19,928	-	-	19,928
20"	PVC	26,958	-	-	26,958
42"	Steel	1,180	31,330	-	32,510
	Totals	92,681	31,330	-	124,011

Summary:

Kind of Pipe	Length in Feet 12-31-02	Additions[1]	Reductions	12-31-03
PVC	81,111	-	-	81,111
Steel	11,570	31,330	-	42,900
Totals	92,681	31,330	-	124,011

NONPOTABLE VALVES

Size	Type of Valve	12-31-02	Additions	Reductions	12-31-03
4"	Gate	14	-	-	14
6"	Gate	15	-	-	15
8"	Gate	24	-	-	24
10"	Gate	2	-	-	2
12"	Gate	66	-	-	66
20"	Gate	26	-	-	26
	Totals	147	-	-	147

[1]Pipeline installed in 2003, will be put into service in 2004

[2]Dual distribution system mains and valves have been installed to deliver water for nonpotable uses at Denver International Airport. Nonpotable water will not be available in the dual distribution system prior to the construction of a nonpotable reuse plant in 2004.

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2003

DENVER MAIN BREAKS

Size	Pipe Material	Number of Breaks
2"	Galvanized	1
4"	Cast Iron	2
4"	Ductile Iron	2
6"	Cast Iron	114
6"	Cement Asbestos	1
6"	Ductile Iron	3
8"	Cast Iron	61
8"	Cement Asbestos	3
8"	Ductile Iron	4
10"	Cast Iron	2
12"	Cast Iron	29
12"	Ductile Iron	1
12"	Steel	1
16"	Cast Iron	1
16"	Steel	1
20"	Cast Iron	2
24"	Cast Iron	1
36"	Concrete	2
	Total	231

TOTAL SERVICE MAIN BREAKS

Size	Pipe Material	Number of Breaks
4"	Cast Iron	3
4"	Cement Asbestos	1
4"	Ductile Iron	1
6"	Ductile Iron	3
6"	Cast Iron	29
6"	Cement Asbestos	3
8"	Cement Asbestos	2
8"	Cast Iron	3
8"	PVC	2
10"	Cast Iron	1
12"	Cast Iron	2
		50

WATER CONTROL SERVICES

	2003	2002	2001	2000	1999
Service Calls	2,537	2,793	2,916	3,097	2,153
Service Leaks	1,117	1,034	794	907	663
Service Turn Ons	3,319	3,570	2,507	2,467	2,140
Service Turn Offs	1,205	893	828	806	687
Valve Leaks	74	100	78	135	107
Fire Hydrants Hit	138	133	146	112	132
Fire Hydrants Packed and Greased	31,014	24,778	28,362	22,637	23,973
Fire Hydrants Excavated for Replacement	148	174	238	197	142
Fire Hydrants, Miscellaneous Repairs	1,107	962	858	929	805
Total Fire Hydrants Tested and Repaired	32,407	26,047	29,604	23,875	25,052

LEAK DETECTION PROGRAM

	2003	2002	2001	2000	1999
Non-Visible Leaks Detected	50	94	111	125	115
Non-Visible Water Leaks Loss (1000's of Gallons)[1]	13,140	106,038	145,854	163,800	151,225
Visible Leaks Pinpointed	90	325	120	154	224
Savings Generated from Leak Detection Program[1]	$63,000	$195,000	$72,000	$107,800	$134,400
Miles Surveyed	507	443	554	846	862

[1]Estimated.